

WORLD NEWS

400 police in N London drugs raid

About 400 police, many in riot gear, raided the Broadwater Farm estate, North London...

UK and China disagree

Britain and China failed to resolve differences over the future of Hong Kong...

Threat of Soviet unrest

The Soviet authorities launched a campaign to forestall industrial unrest...

UK out of frigate project

The Government is to pull out of an \$30m project to build a NATO frigate because it cannot agree on a timetable...

Deal salutes marines

Thousands lined the streets of Deal, Kent, when the band of the Royal Marines School of Music paraded a week after the IRA bomb that killed ten of their comrades.

IRA man freed

Convicted IRA man Michael McKee, who escaped from a Belfast jail in 1981, was allowed bail in the High Court in Dublin.

Fast bomb arrests

Three people were arrested in Ulster after a bomb exploded on the Belfast-Dublin railway line near Lurgan.

Oslo-Moscow talks

Norway said the Soviet Union had agreed to talks to solve a dispute over territorial rights in the Barents Sea.

French workers strike

French prison officers went on an all-out pay strike after clashes with police using water cannon and tear gas.

Ambulance officers vote

Ambulance officers and controllers voted by more than 3-1 to join the crews' overtime ban.

Sunday post plan delay

The Post Office has postponed plans to re-introduce Sunday mail collections next month to permit more talks with union leaders.

100,000 fish killed

Pollution from "natural acidic matter" killed 100,000 young salmon and sea trout in the River Okefenokee in Devon.

Soprano to retire

Romanian soprano Helena Cotrubas, 50, who is giving a concert at Covent Garden, London, on Thursday, is to retire.

Reconciliation plan

The Archbishop of Canterbury Dr Robert Runcie began a four-day visit to Rome which will include talks with the Pope - with a plea for reconciliation between the Anglican and Roman Catholic churches.

Russian's drug evidence

A senior Soviet customs officer gave evidence at Chesham on how his men found nearly 8½ tons of cannabis bound for Britain at a Moscow railway station. Information from Russia led to the arrest of seven members of a drug gang in Britain.

BUSINESS SUMMARY

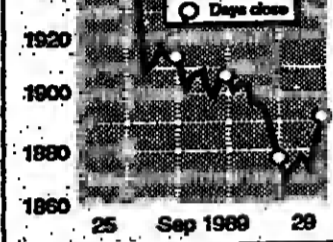
TSB poised to announce retail job cuts

TSB, sixth-largest UK banking group, could be poised to announce staff cuts as part of a big re-organisation of its retail operations...

The bank said last night it might bring forward some elements of plans to streamline its operations...

UK EQUITIES ended the third quarter of the trading year in good form, buoyed by the vigorous defence mounted for

FT Index



sterling. The FT Ordinary advanced 9.5 to 1,885.7, still 63.6 down on last week's close.

MCKINSLEY, UK strategy consulting group, is negotiating to buy the Information Consulting Group...

RAT INDUSTRIES, UK tobacco-based conglomerate contesting a £13.5bn bid from Sir James Goldsmith's Hoylake consortium...

ROYAL GROUP is to drop the Austria name from the premises of its 940 dealers, in a conversion to a new corporate identity.

ESTATE AGENTS who give a poor or misleading service could face legal restrictions or a ban under new proposals put forward by the Office of Fair Trading.

COAL and ELECTRICITY industries are expected to begin formal negotiations soon on contracts for power station coal supplies after electricity privatisation.

LITTLEWOODS, UK retailing and football pools group, identified the equivalent of 1,850 surplus full-time jobs in its retailing division.

FRENCH stock market sees the introduction of a new takeover code on Monday, obliging predators to launch full bids if they own a third of a listed company's shares.

NATIONAL AUSTRALIA Bank and the Australia and New Zealand Banking group, the country's second and third largest commercial banks, confirmed they had taken cross-holdings in each other, fuelling merger speculation.

INDUSTRIAL EQUITY: The ASI 5bn (£917m) management-led bid to take over the Australian arm of Sir Ron Brierley's business empire struck snags over funding. IEL's annual results show a six-fold increase in after-tax operating profits to A\$206.7m.

TRUSTHOUSE FORTÉ, UK hotel and catering group, reported a 20 per cent increase in pre-tax profits to £145m in the nine months to July 31.

UNILEVER, Anglo-Dutch multinational, agreed to pay £31.6m, including £23.8m of debt, for Jeyes Hygiene, an industrial cleaning products specialist.

Ferranti forced to write off £185m after ISC takeover

By Terry Dodsworth, Industrial Editor

FERRANTI, the troubled UK electronics group, will have to write off almost half of its equity as a result of the suspected fraud suffered in its ill-fated takeover of the US-based International Signal and Control.

The company is also suspending its dividends indefinitely, but will be seeking to resume trading in its shares next Tuesday after a two-week suspension. It said last night that it has instructed solicitors to take action over the suspected fraud.

In his first detailed statement on the débâcle, Sir Derek Alan-Jones, chairman, said Ferranti would have to write off £185m after tax. On the basis of last year's balance sheet, this would leave the company with net worth of £198.5m.

The restatement of last year's accounts would also reduce 1988 pre-tax profits by £23.2m to £27.5m, while in the current year profits would have to be £27m lower than the group had expected because of the suspect contracts.

Sir Derek refused to name individuals suspected of implementing the fraud. However he said that Ferranti believed the fraud started before the takeover of ISC with the creation of a complex trail of false customer, phantom contracts and non-existent subcontractors.

"It must have involved a large number of people, including some outside ISC," he said. "This was not done on the back of an envelope."

Mr Guerin, whose shares in Ferranti were sold for about £26m after he left the company, is believed to be in the US but has so far refused all requests for an interview.

Asked whether he would like to talk to Mr Guerin, Sir Derek said: "It would be helpful."

Yesterday's statement underlines the depth of the financial problems now facing Ferranti. The restatement of last year's profits and balance sheet, prepared with the help of Coopers and Lybrand, the accountancy firm brought in to investigate the ISC affair, shows that £205m of stocks and debtors will have to be written off.

After the adjustments, including the adding back of £12.7m of dividends which shareholders will not receive, the shareholders' funds of just under £900m will be supporting debt which stood at £250m at the beginning of September.

These statements give no indication of Ferranti's current trading position, which is believed to have suffered from the uncertainty surrounding the ISC affair. Sir Derek stressed last night, however, that apart from the one ISC subsidiary which suffered the fraud, the rest of the group was "trading normally."

Table: The missing millions. Summary (£m) showing Original balance sheet, Adjusted for suspected fraud, and Re-estimated balance sheet. Values include Called up share capital (77.3), Reserves (291.9), and Minority shareholders' interest (1.8).

Sir Derek added that Ferranti had not so far located Mr James Guerin, the founder of ISC and deputy chairman of Ferranti before his abrupt resignation last May.

Mr Guerin, whose shares in Ferranti were sold for about £26m after he left the company, is believed to be in the US but has so far refused all requests for an interview.

Asked whether he would like to talk to Mr Guerin, Sir Derek said: "It would be helpful."

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Sir Kit McMahon: father of Firstdirect, Midland's telephone banking subsidiary which is launched tomorrow

Midland to launch telephone banking

By Alan Cane

MIDLAND BANK will tomorrow launch a UK-based remote retail bank regarded as the most advanced organisation of its kind.

The launch day, Sunday, is no mistake. Firstdirect, a wholly-owned but operationally autonomous division of Midland, will be the first British retail bank open for business 24 hours a day, seven days a week and its parent is losing no opportunity to publicise the fact.

Firstdirect will have neither high street branches nor local staff. Its service to customers will be based on personal contact over the telephone.

A £2m promotional campaign starts tomorrow evening with the first of a series of television commercials.

Sir Kit McMahon, Midland chairman, flew back from Washington to attend yesterday's press launch. Sir Kit, described as the father of the development, said he had remained in touch with Firstdirect during its gestation.

He emphasised that it was able to offer all the services of a conventional bank but with greater convenience and at lower cost.

Banking with Firstdirect will be free for those in credit or Continued on Page 24

Coal negotiations to start, Page 4

Sterling intervention continues as money market forces pace

By Simon Holberton, Economics Staff

THE POUND ended higher yesterday after the Bank of England intervened to support the currency, but it faced mounting pressures in the money market where short-term interest rates rose sharply.

The Bank intervened consistently throughout yesterday and on occasions dealt through central banks in other countries.

A battle between the Bank and the money market developed yesterday over the correct level for short-term interest rates in the UK. The Bank signalled earlier in the day there would be no change in 14 per cent bank base rates but it was forced to reject offers for a planned tender of £700m Treasury bills when the market refused to buy the bills at prices consistent with 14 per cent rates.

Analysts said there was a limit to how long the Bank could keep down interest rates in the face of money market resistance. A battle of wits was taking place but few were able to forecast the winner.

The stand-off with the money market brought to an end a week which has seen the pound fall in the wake of August's trade figures which showed a current account deficit in the month of £2bn. On the Bank's trade-weighted sterling index the pound ended the week at 91.4, barely changed from last Friday's 91.6.

Share prices, however, have suffered as speculation mounted that the Government would be forced to raise interest rates to defend the pound. The FT-SE 100 Share Index ended 7.7 np yesterday at 2,299.4. But over the week the index has fallen 70.8, or 3 per cent.

The UK markets are nervous and confused ahead of next week. There is a general expectation that interest rates in Europe will rise if the West German Bundesbank decides to raise its interest rates. There is, however, little unanimity on what this might mean for the pound.

German markets have already discounted a near 1 percentage point rise in official Bundesbank interest rates and a bigger rise than this is not thought likely.

Meanwhile analysts believe that there must be a limit to this week's central bank intervention on the dollar. Some think that when the central banks cease intervening the dollar may rise.

EMU warning, Page 4; Battle to tame the dollar, Page 8; Money Markets, Page 13; Wall Street, Pages 14 and 15; London Stocks, Page 17; Government bonds, Page 17; Lex, Page 24

For FT City Directory, FT-SE 100 Index and MF Access phone 0800 122454; Stock Market Report, 0800 122001; UK Company News, 0800 122002; starting rates, 0800 122004. Cash charged at 30p per minute, peak 8 standard and 20p per minute, cheap rate.

MARKETS table with columns for STERLING, DOLLAR, STOCK INDICES, and US LUNCHTIME RATES. Includes values for New York lunchtime, FT-SE 100, and various exchange rates.

Contract row delays electricity sell-off for six months

By Maurice Samuelson and John Mason

THE GOVERNMENT was forced yesterday to announce a six-month delay in its timetable for the sale of the electricity industry following intense wrangling over the supply contracts under which the privatised companies will operate.

In what the Labour Party said was a significant setback for the Government's privatisation programme, Mr John Wakeham, the Energy Secretary, announced that the first flotations - of the English and Welsh distribution boards - would take place next autumn rather than in the spring.

Mr Wakeham confirmed the delay in the Government's biggest privatisation, expected to be worth more than £20bn, when he told leaders of the industry that the Cabinet had authorised a structure for the contracts with which it will be privatised.

The contractual package means that competition will be phased in over eight years, rather than straight away as many of the big consumers, eager to enter bulk purchasing contracts with the power stations, had hoped.

Mr Tony Blair, Labour's energy spokesman, said it represented a "humiliating climb-down" for the Government. The agreed contracts system conflicted fundamentally with its original plans and put back any semblance of competition for eight years.

Consumers would have to underwrite cost-plus contracts between the distribution companies and nuclear power stations. "This is a package for the City which mocks the interests of the consumer," he said.

Mr Wakeham told the heads of the two generating companies and the 12 distribution companies of England and Wales that, while the Government remained on target to complete the privatisation in the present Parliament, it could no longer meet the goal of vesting the industry on January 1, 1990, as planned.

"We will therefore aim to vest the industry at the end of March 1991. Because of this we have also decided to float the area boards in the autumn of 1990, with both generating companies being brought to Continued on Page 24

Coal negotiations to start, Page 4

Weekend FT



TREADING THE GERMAN TIGHTROPE

Two generations after Hitler, the dramatic pace of events in eastern Europe has transferred the re-unification of Germany into the realms of possibility. David Marsh analyses prospects for the ending of German division. Page 1

Finance

David Berchard on a move to make credit more flexible. Page V

Planet Earth

Numerous rare animals face oblivion. Peter Knight describes greed, vanity and a recipe for extinction. Page XIV

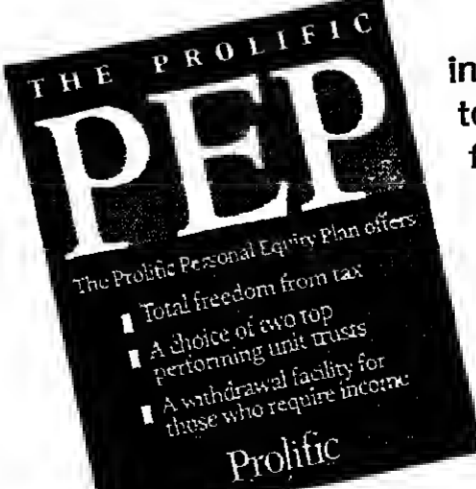
Diversions

John Newman defends the work of English Heritage; Robin Lane Fox and Arthur Hellyer on gardening; Paul Abrahams' hair-cuts; food; wine; cookery and Lucia van der Post's Hu: To Spend It. Pages XIV-XVI

Travel and Motoring

This week these features appear on Pages 6 and 7 of the front section

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OVERSEAS NEWS

Moscow invited to visit US space weapons labs

By William Dullforce in Geneva

THE US has invited Soviet experts to visit two laboratories conducting research into advanced space weapons...

tion's Alpha laser testing site at San Juan Capistrano, California. The invitation aims at improving Soviet understanding of the controversial Strategic Defence Initiative (SDI) or "Star Wars" programme...

Mr Richard Burt, head of the US team to the Geneva nuclear and space talks, said that in Wyoming the two ministers had signed an umbrella agreement on President George Bush's proposal that verification measures should be tested and implemented before the completion of a Start agreement...

New French takeover code

By William Dawkins in Paris

A NEW takeover code takes effect on the French stock market on Monday, obliging predators for the first time to launch full bids once they have picked up a third of a listed company's shares.

It will no longer be possible for investors to take control via a large minority without offering the same price to the other shareholders. This means an end to tactics such as those used by Mr Bernard Arnault, who gained control of the LVMH luxury goods group by building up a 45 per cent stake with the British drinks group Guinness, without having to offer for the rest.

Earlier this week, the city council decided it was time to correct that oversight. From now on, all the peoples of Johannesburg will be allowed to use all of the city's facilities on equal terms. In the morality play of life in South Africa, this must rank as one of the more pleasing vignettes.

South African economy 'heading for a soft landing'

SOUTH AFRICA'S economy is on course for a soft landing, though high inflation and money supply growth, as well as the relatively low level of reserves and the current account surplus, continue to cause concern, Patti Waldmeir reports from Johannesburg.

ing to an annualised 1/2 per cent, and real gross domestic expenditure growth easing to an annualised 2 per cent. The annualised figures for the previous quarter were 1.5 per cent and 6 per cent respectively.

adjusted and annualised basis, from 9.2 per cent in the first quarter of 1988 to 18.4 per cent in the first two quarters of this year. Far too little progress had been made in slowing the increase in money supply, with the rate of increase in M3, the broadly defined money supply, still substantially exceeding the 18 per cent upper limit of the 1989 target range.

Large capital outflows, coupled with this shrinkage of the current account surplus, meant that foreign reserves could not substantially be replenished. In dollar terms, the value of gold and foreign exchange reserves fell in the first half.

City's liberal gesture fails to impress Blacks

Abolishing segregation won't bring the races into closer contact, writes Patti Waldmeir

FIFTEEN years ago, the good burgers of Johannesburg decided in principle to abolish the evil of petty apartheid from their shining city. When it came to swimming pools, buses and parks, though, they never got around to putting their good intentions into practice.

Whites Only signs have been removed from a beach near Cape Town where Archbishop Desmond Tutu is to lead a multi-racial demonstration today against apartheid. Local officials said the decision was "in line with a trend of ending petty apartheid".

It would have found it difficult to do otherwise. For some months ago, it emerged that the pools had never legally been segregated in the first place. Keeping blacks out was a matter of custom, not law. In those circumstances, to insist on segregation would have meant introducing petty apartheid regulations where none had previously existed.

Blacks are scarcely likely to swamp white pools, given that the apartheid education system does not, for the most part, provide for teaching them to swim in the first place. And so long as the bus system maintains the current tariff structure - with fares on the old black buses costing 60 per cent of the white bus fares - the passenger mix may not change that much.

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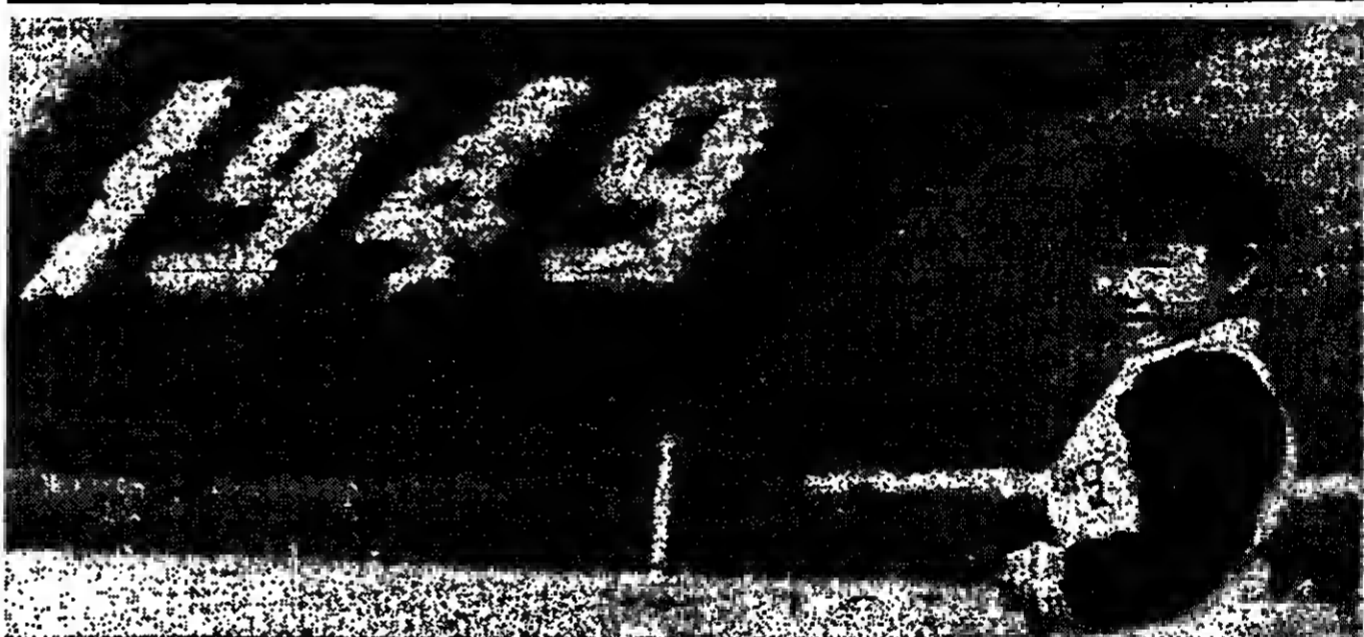
Upturn in W German births

By David Goodhart in Bonn

THE West German population may not be declining so much after all. The latest year book of the Federal Statistics Office suggests that the sharp decline in the birth rate over the past two decades, which has raised the spectre of an ageing society by the middle of the next century, may have ended.

household income continues to rise - to DM5,100 (compared with DM3,600 for the whole year in 1989); that a household is increasingly likely to be a single one, up by 53.6 per cent since 1970 to 3.8m out of 36.2m; and is 34 per cent more likely to earn its income from the service sector than was the case in 1970.

number of children under 15 was 23.2 per cent compared with 14.6 per cent now. The recent upward blip in the birth-rate meant that last year 677,300 babies were born, more than in any year since 1972. The trend seems to be continuing this year. It has still not been strong enough for births to overtake deaths but the "deficit" was down to 10,000 last year from 118,000 in 1985.



A PEKING child pees (above) with a toy machine gun in front of decorations commemorating the 40th anniversary of the founding of the People's Republic of China.

tomorrow's anniversary of the 1949 revolution with a huge propaganda campaign to justify 40 years of communist rule, and with the army standing guard to stop any of the unconvinced from marring the day, Reuter reports.

Up to 100,000 troops are expected to be in the capital - almost as many as the civilians due to take part in organised dancing and other celebrations in the square.

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23,000 join E German exodus

By Judy Dempsey in Vienna

MORE THAN 23,000 East Germans have crossed to the West via Hungary, according to figures released by the West German and Austrian authorities.

The flow of East Germans follows Hungary's decision three weeks ago to suspend temporarily a bilateral agreement in 1983 with East Berlin which committed both countries to return citizens caught trying to escape to the West.

Over the past week, hundreds of young East Germans have crossed the iron railings into the Baroque Lobkovic Palace, bringing the number of 3,000.

US negotiators race clock on steel quotas

By Nancy Dunne in Washington

US trade negotiators yesterday were racing towards tomorrow's deadline in around-the-clock talks hoping to conclude the bulk of agreements needed to renew the expiring US steel quotas for two-and-a-half years.

US trading partners are being asked to agree to VRAs and to sign up for a "consensus" pact which would limit or eliminate subsidies. The US is reported to be seriously considering ending the consensus on the EC Steel Aids Code, which limits subsidies to research and development, cuts in production capacity, and compliance with environment standards.

South Korea has recorded a deficit in its current account for the first time since 1986. The Bank of Korea reported an August deficit of \$138m compared with a surplus of \$423m for the same month last year. The figure brings South Korea's total current account surplus this year to \$2.5bn, compared with \$6.1bn for the same period in 1988.

Aquino explains ban on Marcos's remains

By Greg Hutchinson in Manila

CONSIDERATIONS of security and justice were compelling President Corason Aquino to shirk time-honoured Philippine burial rights and bar the entry of the remains of the late ex-president Ferdinand Marcos, she said yesterday.

President Aquino is taking this line at considerable risk to her own popularity and in face of mounting pressure from not only the opposition but some influential government senators who are urging her finally to make reconciliation.

Nigeria in deal on release of World Bank loan

By Michael Holman

NIGERIA has reached agreement with the World Bank on the release of the second half of a \$500m trade and investment policy loan, Mr Abubakar Abaji, the country's Minister of Budget and Planning, told a press conference in Washington yesterday.

Both parties hope that disbursement could get under way in November. "The general consensus is that Nigeria has taken powerful (economic) measures and deserves the support of the international community," the minister said. He said that Nigeria would press for better terms next year from its official government creditors of the Paris Club.

US economic indicators rise

The US index of leading economic indicators, a barometer of future economic trends, rose by 0.3 per cent in August in a further sign of slow but steady growth, Reuter reports from Washington.

The annual consensus rise in the index slightly exceeded Wall Street expectations of a 0.2 per cent increase after July's revised 0.1 per cent gain. The July increase was previously reported at 0.2 per cent. The Commerce Department figures signalled that slow but steady growth would be likely to occur in the next six to nine months.

Japanese investors surge into foreign stocks

By Stefan Wagstyl in Tokyo

THE surge of Japanese portfolio investment overseas which began in April this year continued unabated last month, according to figures published yesterday by the Ministry of Finance.

Net purchases of foreign securities totalled \$10.3bn compared with \$9.9bn in July. Direct investment also maintained the high level it has reached over the last 18 months - with Japanese companies investing \$2.2bn last month against \$3.6bn in July.

Seoul current account goes into deficit

By Maggie Ford in Seoul

SOUTH KOREA has recorded a deficit in its current account for the first time since 1986. The Bank of Korea reported an August deficit of \$138m compared with a surplus of \$423m for the same month last year.

Abidjan cocoa price cut

IVORY COAST, the world's leading cocoa producer, has slashed prices paid to cocoa farmers and now appears on the verge of ending a long stand-off with foreign creditors, trade and banking sources said yesterday, Reuter reports from Abidjan.

200 CFA francs (37p) per kilo. A big plantation owner himself, he had long resisted such a cut and pledged to maintain farmers' incomes, but foreign creditors have insisted that losses by the Caisse de Stabilisation (commodities marketing board) be cut. "A cocoa price commitment might be just what they're looking for... This could clear the way for a rescheduling and resumption of debt repayments," one banker said.

Hong Kong opposes ban on ivory trading

By Michael Murray in Hong Kong

DESPITE the seizure by Hong Kong customs officers of 700 kilograms of raw ivory, being smuggled into the Kwai Chung container port from a ship in Singapore on Wednesday, the territory intends to oppose vigorously a total ban being proposed by some signatory countries of the Convention on International Trade in Endangered Species of Wild Fauna and Flora which is set to debate the issue at a meeting in Switzerland next month.

Hong Kong's director of agriculture and fisheries, said yesterday that if trade in existing stocks was permitted, these people would be given a grace period of several years before all their legally acquired stocks, brought into Hong Kong with proper licences from convention-approved sources, ran out. He dismissed suggestions that Hong Kong dealers had been stockpiling ivory in anticipation of a worldwide ban. "There is absolutely no truth in such an allegation, because the existing stocks of 670 tonnes represent legal imports accumulated over more than 10 years," he said.

Peru's cabinet resigns en masse

The cabinet of Peruvian Prime Minister Luis Alberto Sanchez has resigned to help President Alan Garcia improve the government's image ahead of municipal elections, Reuter reports from Lima. Mr Garcia, faced with increasing leftist guerrilla violence and an economic crisis, will now be free to name a new cabinet to serve in the last stage of his government before general elections due next April.

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THE UNIVERSITY OF JORDAN
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LEBANESE DEPUTIES DEBATE ARAB LEAGUE PEACE PLAN IN SAUDI ARABIA

Beirut warlords stay home as 'democracy' resumes

By Lara Marlowe in Taif, Saudi Arabia

LEBANON'S "last chance" Parliament meets today in the Saudi Arabian mountain resort of Taif for Christian and Muslim deputies to debate the peace plan drawn up by the Arab League's tripartite committee.

The meeting comes after nearly 1,000 people died in six months of artillery bombardments set off by the determination of the Christian Lebanese leader, General Michel Aoun, to drive 40,000 Syrian troops out of the country.

Lebanon's Parliament was last elected in 1972. After the civil war started in 1975 it was impossible to hold parliamentary elections and the legislature's mandate was repeatedly renewed by successive wartime presidents.

Two attempts to achieve a quorum and replace the outgoing President, Mr Amin Gemayel, failed last year because Mr Samir Geagea, the leader of the "Lebanese Forces" Christian militia, threatened to shell the parliament building where a pro-Syrian Maronite was to be elected.



Aoun: his future in doubt whatever the outcome of talks

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League committee preferred to leave the presidency, the positions of commander-in-chief of the army and governor of the central bank, and other key positions, in Maronite hands for the time being.

Although Syria's closest Lebanese allies and the most adamant advocates of reform such as Mr Jumblatt and Mr Nabih Berri, head of the Shia Muslim Amal militia, are demanding the immediate abolition of the "confessional" system devised in 1943, they are likely to compromise if their Syrian mentors insist on co-operation with the peace plan.

Gen Aoun tried to persuade Christian deputies not to come to Taif. When that failed, he begged them to postpone the session. Finally, he asked that they adopt a unified position before leaving Beirut yesterday.

All of his requests went unheeded and Gen Aoun's career may well be over, although he continues to occupy the posts of commander-in-chief of the army and



Berri: will take instructions from Syria on how to respond

interim prime minister of the east Beirut government in the absence of any other authority. It is to re-establish such an authority that the Parliament was convened outside Lebanon where it would not be shelled or its members stopped en route at militia checkpoints.

If, as hoped, a working document can be agreed on, presidential elections, the formation of a government and the enactment of political reforms that would distribute political power more fairly between Christians and Muslims should follow on Lebanese territory.

"The document itself is almost immaterial," says Mr Ibrahim. "The real question is whether they are willing to try to live and work together. If so, they could nominate one intellectual from each side and the two could draw up a plan over the telephone."

The Arab League is trying to return Lebanon's future to the hands of the politicians. Even if the ageing and little known deputies meeting in Taif want "to try to live and work together", there is still a great danger that the militia leaders who have acquired so much power in Lebanon and who have been excluded from this process may sabotage it by resuming shelling or gun battles.

The leaders may be induced to join in the political process, but the rank-and-file gunmen who have grown up during the war are likely to remain part of Lebanon's problem.



Geagea: has expressed opposition to compromise

The "Lebanese Forces" Christian militia, traditionally the most ardent defenders of Maronite privileges, have done themselves credit by supporting the Arab League plan.

Mr Georges Sadeh, has praised the Algerian diplomat's efforts and is attending the meeting in Taif. But the Phalangists have been notorious in the past for their erratic and violent behaviour. If the militia-cum-party which wields so much power in the Christian enclave really has entered into a new phase of its history and is willing to accept equal rights for Muslims, it will have a hard time convincing its Muslim and Druze enemies of this. If the Phalangists are using Gen Aoun's gradual demise caused by his futile "war of liberation" and the Arab League plan as a Trojan horse for reasserting Maronite domination, the situation will grow worse.

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More cynical Lebanese say that the more extreme Maronites and the pro-Iranian Hizbollah (Party of God) share certain characteristics. The Maronites want a Christian republic, the Hizbollah want an Islamic republic. Because a parliamentary democracy does not answer to their absolutism, it is the extremist, armed factions, both Christian and Muslim, who are most likely to

sabotage any solution in Lebanon. Hizbollah has also been left on the periphery of any settlement. It is in a state of disarray following the death of Ayatollah Khomeini and the election of President Rafsanjani. They have not been consulted in any of the present truce arrangements and have threatened to "fight to the death" to prevent another Maronite presidency.

The civil war has destroyed Lebanon's political structure. For more than 14 years, the only way to control territory or raise taxes in Lebanon has been at gunpoint. One of the greatest difficulties in returning to peace is that the mechanism whereby politicians stand for office and administer justice, law and order has broken down.

US seeks \$1bn Saudi tank deal

By Peter Riddell, US Editor in Washington

THE US wants to sell up to 315 battlefield tanks to Saudi Arabia at a cost of between \$700m and \$1bn.

The plan to sell the M1-A1 tanks, produced by General Dynamics, has been raised by senior members of the Bush administration with members of the Israeli Government in discussions in the past few weeks.

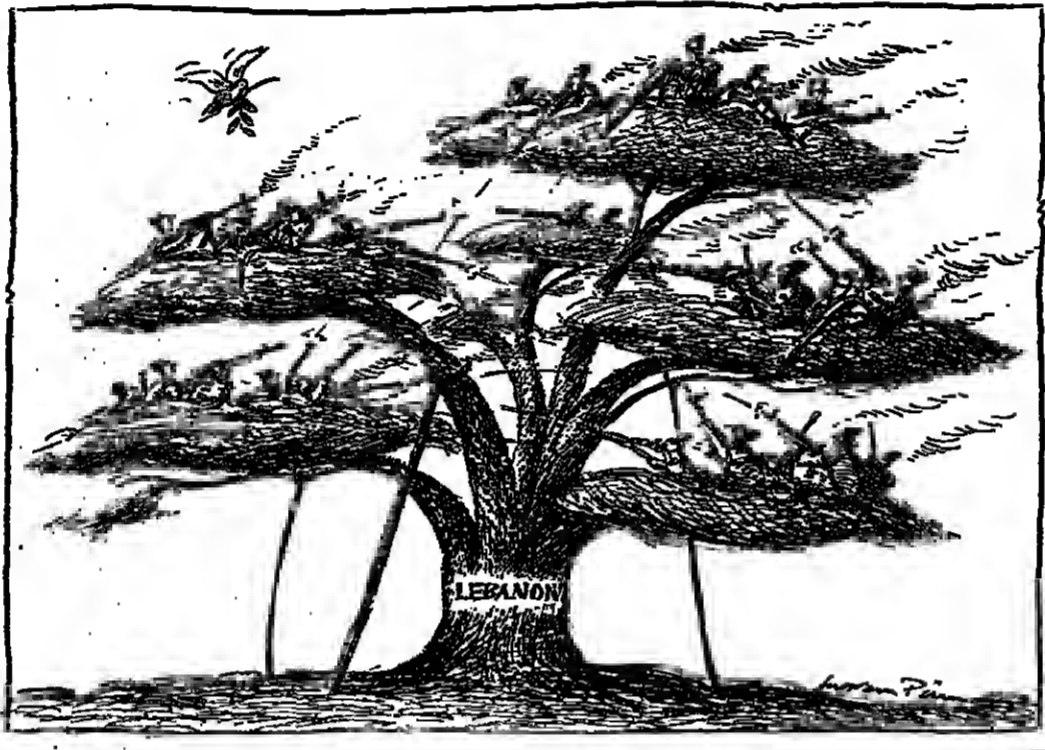
Mr Dick Cheney, the Defence Secretary, and Mr James Baker, the Secretary of State, have told their Israeli counterparts that the US is prepared to take steps to meet Israel's security concerns provided there is no strong or active opposition to the deal.

The administration wants to reach a private understanding on the issue with Israel in the hope that the latter will not try to use its influence in Congress to block the sale.

Mr Baker is apparently hoping for a repeat of the July 1988 arrangement over the sale of 40 F-18 fighters and 300 Maverick air-to-ground missiles to Kuwait. The administration agreed to downgrade the level of the sophistication of the Mavericks, while it gave Israel military sales benefits to help its arms industry.

By contrast, the administration wants to avoid the major battle with pro-Israel supporters in Congress which occurred over the sale of five AWACS advanced warning planes to Saudi Arabia.

In the latest discussions with Israel, the Pentagon has proposed that certain weapons and war materiel placed in Israel for use by the US military in the event of a Middle East war could be of dual-use capacity by both the Israeli and US forces. One suggestion is up to \$100m of equipment suitable for either army might be placed in Israel and paid for as used if Washington approved.



Shamir meets Bolshoi



Mr Yitzhak Shamir, the Israeli Prime Minister with a ballerina from the Bolshoi Ballet, which is on a first visit to Israel.

Mubarak calls in UN speech for PLO-Israeli talks

By Michael Littlejohns, UN Correspondent

EGYPTIAN President Hosni Mubarak said yesterday that favourable conditions exist now for a Palestinian-Israeli dialogue without preconditions.

Letting the opportunity slip would be a grievous mistake "exceeding all errors made in the past" on the Middle East question, he said. Mr Mubarak told the UN General Assembly that the talks he proposed should explore ways to end the conflict, based on the principle of exchanging "territory for peace."

The Egyptian leader has been seeking to arrange talks between Israeli and Palestinian delegations to prepare for elections among Palestinians in the Israeli-occupied West Bank and Gaza Strip. But as he was speaking mainly in his capacity as chairman of the Organisation of African Unity, he covered the Middle East situation only briefly and did not stress his own mediation effort.

Saying that peace efforts had begun to bear fruit, he said he hoped that a dialogue now, based on UN Security Council resolutions 242 and 338, would produce conditions for a comprehensive settlement. These resolutions call in part for Israel's withdrawal from territories occupied in the 1967 war.

peace-making. His UN speech came amid a flurry of meetings variously involving Mr James Baker, the US Secretary of State, and the foreign ministers of Egypt, Israel and the Soviet Union.

Mr Edward Shevardnadze, the Soviet Minister, on Thursday again urged Israel to accept an international Middle East peace conference when he met his Israeli counterpart, Mr Moshe Arens.

He also offered to host talks between Israel and Palestinians in the Soviet Union, warning the Israelis that if the Palestine Liberation Organisation is excluded from peace talks, there will never be a settlement. The PLO yesterday eagerly accepted the Soviet proposal, but Mr Arens reiterated that Israeli law prohibits contacts with the organisation.

Thyssen in Iran deal

By David Goodhart in Bonn

THYSSEN, the West German steel and engineering group, is set to resume business with Iran after several years on an Iranian Government blacklist.

The company has settled a long-standing disagreement with Iran arising from work on the Isfahan oil refinery which was completed in 1981.

The resumption of normal business relations has been facilitated by an out-of-court payment by the Iranians to Thyssen's Iran-based subsidiary.

Alexandria plans return to former glories

By Tony Walker in Cairo

WHEN the great library of Alexandria was destroyed by Julius Caesar's legions during the siege of the city in 48BC, the ancient world was robbed of its pre-eminent seat of learning, and the city itself fell into a long, slow decline that continues to this day.

In Alexandria this week, a tentative step was taken towards resurrecting some of the city's former glory with the award to a Norwegian-led group of an international prize for the design of a new library to be built on a coastal site not far from where the original was located.

The award-winning architects and designers chose the rising sun as their inspiration for a proposed, tilted structure that will emerge, almost organically, from the ground.

tion of natural light, while protecting books and manuscripts from direct sunlight. The roof is also designed to help cope with the high temperatures of Alexandria during the summer, and to provide what was described as "acoustical control".

Another special feature of the proposed building will be the outer wall which will carry the artwork of the world's modern and ancient cultures in keeping with the aim of achieving a universal appeal.

The new Alexandria library is expected to cost about \$180m to build, and funds will be raised by international subscription. Unesco is co-ordinating fund-raising efforts.

Dr Saad al-Rawi, Unesco's representative in Cairo, said there had already been a "lot of interest" in funding from countries such as Italy and Japan, and from the Getty Foundation. He hoped that work could begin in six to 12 months, and that the building could be completed by 1995.

It was important to remember this "was not a library in the traditional sense, but a cultural centre for all mankind."

Shamir meets Bolshoi



Mr Yitzhak Shamir, the Israeli Prime Minister with a ballerina from the Bolshoi Ballet, which is on a first visit to Israel.


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UK NEWS

Job loss fears as TSB restructures after profit fall

By Jimmy Burns, Labour Staff

TSB, Britain's sixth largest banking group, could be poised to make staff cuts as part of the first stage of a radical reorganisation of its retail operations, say union officials.

structural changes within the organisation. Demands are growing for information regarding possible job losses and job relocation.

Austin logo to disappear from Rover dealerships

By John Griffiths

THE Austin name is to disappear from the premises of Rover Group's 940 dealers. The name Austin Rover will go in a conversion starting in January.

Cracking down harder on the City cheats

Richard Waters looks at the authorities' latest initiatives to combat white-collar crime

CRIMINAL deception is one way of describing it. "Theft by lying" is the phrase Det Supt Don Randall of the City of London police prefers to use.

whether fraud was becoming more common but added: "There is evidence that people think it is increasing."



Police survey findings

- Electronic payment systems are high on the hit list
More than half the companies surveyed said they had been hit by fraud
Nearly two-thirds of fraud is thought to be committed by insiders

Police success in persuading companies to report fraud more frequently is also boosting the figures. Much police effort in the City is going into encouraging financial institutions to do this.

Littlewoods says 1,850 retail jobs are surplus

By Maggie Urry

LITTLEWOODS, the retailing and football pools group, has identified the equivalent of 1,850 surplus full-time jobs out of 27,000 jobs in its retailing division.

A total of 1,850 jobs were found to be surplus and were removed as people left or became eligible for early retirement.

Talks on power station coal to start soon

By Maurice Samuelson

THE COAL and electricity industries are expected to begin formal negotiations shortly on the commercial contracts for power station coal supplies after the electricity industry is privatised.

differences, feels that one month is a ridiculously short period in which to determine the fate of nearly the whole of its future business.

stressing the urgency of the payment. Fraud seems certain to make more headlines, not just in the UK but around the world, partly because of tighter rules in financial centres, which are competing for global recognition.

Brittan calls for minimum VAT rate

A MINIMUM rate of value added tax should be applied throughout the European Community, Sir Leon Brittan, Britain's senior EC Commissioner, said yesterday.

Clarke may tell NHS to use pendulum arbitration

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT plans to use statutory pendulum arbitration to resolve disputes between hospitals and health authorities under its proposed National Health Service reforms.

Under changes planned in the white paper Working for Patients, the financing and supply of health care would be separated, with health authorities entering into new forms of contract with hospitals for the provision of treatment.

BBC to launch business news

By Raymond Snoddy

BBC Television launches its Breakfast Business Programme on Monday - the Corporation's largest commitment so far to business and financial news.

Success for gilts buy-in

By Patrick Harverson, Economics Staff

THE BANK OF ENGLAND successfully completed its fourth reverse auction of gilts yesterday.

back debt to compensate for the surplus of public sector revenues over expenditure.

Soldier in leak inquiry

A BRITISH soldier serving in West Germany is to be brought back to Northern Ireland, where he served provisionally, after being questioned about alleged security information on IRA suspects, the police said yesterday.

The alleged leaks have strained the Anglo-Irish agreement. Mr Stevens is investigating at least seven leaks on more than 300 IRA suspects.

Economist warns over delay on EMS

By Patrick Harverson, Economics Staff

BRITAIN will miss the opportunity to shape the future of the Economic Monetary Union in Europe if it delays full participation in the European Monetary Fund.

declined to participate in the establishment of EMU.

dence within it. The removal of capital controls within Europe, due in the middle of next year, would make complete harmonisation of monetary policy inevitable.

Member of Collins family joins publishing venture

By Raymond Snoddy

A MEMBER of the Collins publishing family is joining with a London merchant banker to launch Collins & Brown, a publishing company devoted to the production of high quality illustrated non-fiction books.

Nests International, which now controls the company. He said yesterday: "In recent years more and more book publishers have been swallowed up by media conglomerates which are themselves in a constant state of flux. This opens up real opportunities for new ventures."

The Royal British Legion Attendants Company is based in Cambridge and not in Cheddle Hulme as reported in the Financial Times yesterday.

Advertisement for WRc featuring a frog and the text: 'WHEN IT COMES TO WATER QUALITY, WE'RE IN OUR ELEMENT'.

Table titled 'GRANVILLE SPONSORED SECURITIES' with columns for High/Low, Company, Price, Change, Div, and Yield.

Advertisement for A/S JYSKE BANK Floating Rate Notes due 1994, including terms and conditions.

Advertisement for I.G. INDEX LTD, 9-11 Grosvenor Gardens, London SW1W 0BD, providing contact information.

UK NEWS

Rifkind welcomes heritage agency

By James Burdon, Scottish Correspondent

SCOTLAND'S new environmental protection agency will be more sensitive to the country's needs than the Nature Conservancy Council which it will replace...



Malcolm Rifkind: different approach than in the south

Mr Rifkind said: "The way we protect our environment must necessarily be different to the way it is approached in the south-east, where population pressures are much greater..."

Ocean-going merchant fleet falls below 500

By Kevin Brown, Transport Correspondent

THE NUMBER of ocean-going merchant ships on the British register fell below 500 last year for the first time in this century...

Officers and controllers join ambulance dispute

By Jimmy Burns, Labour Staff

DISRUPTION to Britain's ambulance services looks set to intensify next week after officers and controllers voted by more than 3-1 to join the industrial action over pay...



Roger Poole: "This is an escalation of the dispute."

as they have always done in the past... instead of stirring up further disruption... According to Mr Nichol, union leaders have hardened their position after initially recommending acceptance of a 6.5 per cent national pay offer...

Global warming report urges co-operation

By John Hunt, Environment Correspondent

GREATER co-operation between Commonwealth countries to combat global warming is advocated in a report by environment experts investigating the problem for the Commonwealth Secretariat...

win general acceptance. However, it adds: "Energy pricing and fiscal measures can undoubtedly be used in a more general way to provide a major incentive for energy efficiency..."

investment needed. They say: "We do not believe that nuclear energy will contribute on any large scale to the reduction in greenhouse gas emissions..."

Post Office postpones Sunday collections

By Jimmy Burns

POST OFFICE has postponed its plans to re-introduce Sunday mail collections next month to allow for further talks with union leaders representing postal workers...

Labour 'will limit union immunities'

By Philip Stephens, Political Editor

THE Labour Party yesterday issued a detailed statement of its planned employment legislation in an attempt to counter the charge that it would provide blanket legal immunities for trade unions if it wins the next general election...

Graduate recruitment 'to worsen in the 1990s'

By Charles Leadbeater, Labour Editor

SHORTAGES of graduate recruits are likely to worsen significantly in the 1990s, according to a report published yesterday by Warwick University's Institute of Employment Research...

Halifax in switch to cheque books

By David Barchard

HALIFAX, the largest UK building society, launches a cheque book current account for its customers this weekend, reversing its earlier decision to use only electronic methods of money transmission...

Attack on Tory economics to be centrepiece of Labour conference

By Philip Stephens, Political Editor

THE LABOUR Party signalled yesterday that it plans to make an attack on the Government's economic strategy one of the centrepieces of its annual conference next week in Brighton...

EC may bring more charges over water

By John Mason

BRITAIN could face further prosecutions for breaches of EC regulations on water quality, Mr Ken Collins, chairman of the European Parliament's Environment Committee, said yesterday...

Docklands leisure plan launched

By David Churchill, Leisure Industries Correspondent

PLANS for a £100m leisure and exhibition complex in the Royal Victoria Dock, were submitted to the London Docklands Development Corporation yesterday by London Docklands Leisure Ltd...

Motorists make a cleaner choice

Maurice Samuelson on the growing demand for unleaded petrol

PROSPECTS for a cleaner Britain are looking up, at least in terms of the number of drivers opting for unleaded petrol. Demand for unleaded has soared since Mr Nigel Lawson's Chancellor made it cheaper than regular four-star petrol through tax changes in the last Budget...

Unleaded petrol used. As a % of all sales. Bar chart showing percentages for various countries: W. Germany (60%), Switzerland (50%), Sweden (40%), Austria (28%), Holland (21%), Norway (26%), Denmark (15%), Belgium (9%), France (8%), Ireland, Italy, Spain.

Skills shortage 'an obsession'

By Charles Leadbeater

PERSONNEL managers are becoming afflicted with the Mrs Robinson syndrome - an obsession with the recruitment of young graduates and mature women - according to a report published today...

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TRAVEL

Crème de la crème of the ski slopes

Next week sees the publication of Arnold Wilson's book, Thomas Cook International Top 50 Ski Resorts. Here, he describes his favourites, from Alta and Aspen to Val d'Isère and Zermatt.



Aspen, Colorado: still amusing the rich and famous on and off the piste

AN OLD friend often asks me what possible pleasure I can get from sliding down a mountain on two planks. For his benefit, and others like him, I would like to try to explain.

On a perfect skiing day, the fierce sun mixes with the chill mountain air and a billion snow crystals sparkle like chandeliers. Your face tingles, your lungs fill with mountain air and some fresh snow, kicked up by the glinting edges of your skis, sprays across your face.

the mountainside and wiped out the entire village, including the schools that were a favourite haunt of gunfighters. It symbolised the end of the mining era and the beginning of the skiing age.

Take a cliff or two from Jackson Hole, a generous slice of La Grave and a large measure of Val d'Isère; add several feet of powder and some large chunks of ice and you have Argenterie, the skiers' ski resort. It is the fabulous and unusually challenging off-piste skiing that attracts the cognoscenti.

Aspen Mountain has a reputation for being tough, with no skiing terrain for beginners. Five double black diamond runs (blacker than black) peel

off like Red Arrow smoke trails at the edges of the International Trail: Bear Paw, Zaugg Dump, Perry's Prowl, Last Dollar and Short Snort. They look innocent enough, but the double diamond signs flash a message to your brain like a skull and crossbones.

HEAVENLY VALLEY, California/Nevada

The name is far from being a misnomer. The more heavenly looking side is in California, where Tahoe, the world's most beautiful alpine lake, stretches out before you. On the Nevada side, the scenery is almost as spectacular but totally different.

JACKSON HOLE, Wyoming

The stark and stunningly beautiful peaks of the Grand, Upper and Middle Tetonas jut skywards like giant sharks' teeth. With their peaks shimmering in the powerful Wyoming sun, they form with Mounts Owen,

Teewinot and New Fance Peak the Cathedral Group, as mystical a spot as one could encounter.

There are no foothills to reduce the impact - only the 60 mile-long valley floor, or "hole" through the Rockies, which stretches 18 miles across to the Gross Ventre (Fat Stomach) mountains.

LA GRAVE, France La Grave is breathtaking, wild and unique - an old climbing village which skiers have infiltrated. From the spectacularly beautiful Col de Lautaret, you came your neck almost vertically and towering above you is a huge mountain range.

KITZBUHEL, Austria

Height it may not have, but Kitzbuhel has just about everything else going for it, including the dreaded Streif descent of the Hahnenkamm, a stomach-churningly fearsome downhill classic. The racers who like to race like bullets as they cut through the air. Elsewhere the area beneath the Steinbergkogel is among the most challenging.

ski resort.

LA GRAVE, France

LA GRAVE, France La Grave is breathtaking, wild and unique - an old climbing village which skiers have infiltrated. From the spectacularly beautiful Col de Lautaret, you came your neck almost vertically and towering above you is a huge mountain range.

They transport you into a chillingly beautiful glacial paradise which falls steeply away from the mighty Meije (13,123ft). The slopes are grueling and relentless rather than severe, and totally ungrooved.

guide, you would not only be unsafe - you would also feel very much alone in a powerful, beautiful but almost alien world.

St ANTON, Austria

St Anton towers peak and shoulders above the rest of Austria's resorts. On your first visit - or even second and third - the extent of the skiing is bewildering. Although the town is almost the antithesis of the conventional concept of the Austrian ski village - a rather boisterous, cosmopolitan town - the skiing is excellent.

The pivotal mountain is the famous Valluga from which red runs - plus a few fierce blacks - fan out in all directions. An alternative route is the extraordinary Arlen Sattel chairlift up the Schindlererspitze. As you arrive, dangling in space among jagged mountain tops, a truly remarkable

panorama unfolds. It is possible for skiers with a guide to continue to the very top of the Valluga. The yellow cablecar and ski extreme run down to Zurs through some excellent powder fields. St Anton's tiny satellite, St Christoph - a handful of buildings cocooned in deep snow like a plate of profiteroles - has a fairy-tale quality not found anywhere else in Austria.

St MORITZ, Switzerland

The most famous skiing resort in the world conjures up images of raccourse hooves pounding across the frozen lake, men of steel hurling themselves down the infamous Cresta run and elegant, lavishly scented and fur-coated women and their escorts savouring a meal at the celebrity-packed Palace Hotel.

Many people think that the best of the six skiing areas is Cortina, but I prefer Legalb and Diavolezza, both near the picturesque village of Pontresina. Legalb has one of the most testing black runs in Europe. Ten descents are said to be the equivalent of Everest, but I was exhausted after four. Diavolezza is one of the most beautiful glaciers in Europe, culminating in a breathtaking descent to Morteratsch.

SUN VALLEY, Idaho

Officially the oldest ski resort in the US, it was built in 1936 by Averell Harriman, chairman of the United Pacific Railroad, to promote more winter business. The new Teton they created bore closer resemblance to Hollywood's concept of it than reality. There were even reindeer sleighs. If there were no reindeer in the Teton, who cared?

Continued opposite

MOTOR CARS JAGUAR AUTHORISED DEALERS GUY SALMON JAGUAR. Table listing Jaguar models and prices: XJS, SALOONS, JAGUAR SPORT.

B.M.W. AUTHORISED DEALERS Western Counties. Table listing BMW models and prices: 3 Series, 5 Series, 7 Series.

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Motoring Toyota's watershed. LAST WEEK, I drove the same car on a German autobahn, a Belgian autoroute, a US freeway and a selection of European country roads. A bid for an entry in the Guinness Book of Records? Or a demonstration of the scope of air freighting, world-wide? No, it all happened on Japan's north island of Hokkaido where, at Shibetsu in the central region, Toyota has built what it likes to call Little Europe. It does not exaggerate. The Shibetsu proving ground covers more than 1,000 acres (500 ha) of what looks a bit like Germany's Black Forest. It cost well over £100m and contains exact replicas of every kind of terrain over which Toyota cars will be driven. And I mean "exact." Sections of autobahn, autobahn, freeway and ill-maintained minor roads from all over Europe were photographed, measured and had their surface materials analysed. They were then recreated on 26 kilometres of test circuits. To complete the illusion, a truck-load of roadside marker posts was imported from Germany which Toyota cars will be driven. I was there to see manufactured - and then to drive - the Lexus, Toyota's four-litre, V8-engined luxury saloon. And the Shibetsu proving ground, plus the state-of-the-art production plant two hours' flying time away at Tahara, near Nagoya, are proof of Toyota's determination to do two things. First, in the short term it aims to beat the Europeans at their own game by making a car fit for their senior managers to travel in and which appeals also to US buyers as an alternative to BMW, Mercedes-Benz and Jaguar. Second, it intends to replace General Motors as the world's largest car-maker, probably by the end of the century. The Lexus production line has been automated as far as possible. Toyota says that only a robot, which never quarrels with a wife or has a hangover, can assemble top luxury car quality standards when you are making 50,000 of them a year. At the moment, the Lexus is coming down the same assembly line as other peak Toyotas like the Supra three-litre sports car and the Soarer, a smart and quick two-litre coupe sold only in Japan. But a new all-Lexus plant is now going up alongside and will be in production late next year. As the Lexus rolls off the line, it is separated from the other models and every one is checked in a way that has to be seen to be believed. It starts with cotton-gloved inspectors feeling it all over for the tiniest imperfection. Less exciting, but even more enlightening, was the unrelenting way it copied at 85-85 mph (137-137 km/h) with sections having raised expansion joints, tyre noise-exciting coarse chipings, and sunken or ridged wheels up to motorway speeds while electronic systems search for out-of-balance forces too slight for even a skilled human tester to detect. The robot-assembled engine has already been run up and given a once-over by a micro-robot (robot, of course) that checks all parts - even each of the four valves per cylinder - for excess noise. There is a high-pressure water test and the working of the driver-protecting airbag (an optional extra) is checked before a final overall inspection, after which the Lexus is signed-off. I had sampled the Lexus very briefly in Germany (this column, August 19) and I knew how exceptionally quiet and civilised it was on the autobahn or when riding over city cobblestones and tram tracks. But you cannot assess how a car behaves in extremis on public roads. At Shibetsu, I lapped the outer lane of the high-speed track. On the straight I hit 145 mph (233 km/h), slowing only to the required 137 mph (220 km/h) on the 45-degree banked turns in deference to the tyres. All the while, I was enjoying Vivaldi on the compact disc player. Less exciting, but even more enlightening, was the unrelenting way it copied at 85-85 mph (137-137 km/h) with sections having raised expansion joints, tyre noise-exciting coarse chipings, and sunken or ridged wheels up to motorway speeds while electronic systems search for out-of-balance forces too slight for even a skilled human tester to detect.

Chess PLAY STARTS in London on Monday in the world championship semi-final matches. The total prize fund will be more than £140,000 but the real achievement for the winner will be his right to challenge Gary Kasparov for the title late in 1990. The matches at the Sadler's Wells theatre, each the best of eight games, are sponsored by Pilkington Glass. Those involved are Jonathan Speelman (Britain) v. Jan Timman (Netherlands), and Anatoly Karpov (USSR) v. Artur Yusupov (USSR). If a match ends 4-4, then two extra games will be played. If the score is then 5-5, the match will be settled by a series of quick-play games at progressively faster time limits, and completed in one day according to International Chess Federation (FIDE) rules. Playing sessions begin at 4pm, with adjournments after six hours and a minimum of 60 moves. Advance tickets are available only for the first eight scheduled full sessions: October 2, 3, 5, 7, 8, 10, 12, and 14. The Sadler's Wells ticket office (tel. 01-278-8918) can supply full details. Karpov 33, is favoured strongly to defeat Yusupov, 29, and go the whole way to yet another world title match (their fifth) against Kasparov. The former champion's success is based partly on his remarkable in-built sense for position. A typical game pattern is a quiet opening, then gradual control of more space while the rival forces are pushed back and restricted. Next comes a phase of probing for weaknesses, and finally a decisive infiltration to gain material or over-run the enemy king. It is often very hard to spot where the opponent has gone wrong. The other, and in some ways surprising, facet of Karpov is his extraordinary will to succeed. He has won more than 60 major tournaments and matches, an all-time record relative to the length of his career, while Kasparov is the

Chess Stuart Marshall. It will, I suspect, be well into the '90s before a Lexus badge (there is no mention of Toyota on the car) commands equal status and respect to one with blue-and-white quarters, a three-pointed star or a leaping big cat. Initially, I see the main Lexus threat in Europe a little down-market of BMW, Mercedes and Jaguar. It will be a seductive alternative for users of cars like the Ford Scorpio, Vauxhall (Opel) Senator, Saab 9000SE and Volvo 760 whose finance directors and tax advisers allow them to trade up. The Lexus will cost a few thousand pounds more but, in every other respect, is a superior product. It marks a watershed in motor industry affairs. In years to come, Europe's up-market and luxury car-makers may well liken its introduction to the invention of the cotton that reduced their once-impregnable castles to rubble. The Lexus will cost a few thousand pounds more but, in every other respect, is a superior product. It marks a watershed in motor industry affairs. In years to come, Europe's up-market and luxury car-makers may well liken its introduction to the invention of the cotton that reduced their once-impregnable castles to rubble. The Lexus will cost a few thousand pounds more but, in every other respect, is a superior product. It marks a watershed in motor industry affairs. In years to come, Europe's up-market and luxury car-makers may well liken its introduction to the invention of the cotton that reduced their once-impregnable castles to rubble.

Chess Leonard Barden. British champion, is a strong grandmaster with an original, creative style, but his all-round record does not compare with Timman's. His forte has been match chess and, in particular, the present title series. He was the underdog against both Yasser Seirawan (US) and Nigel Short, but beat them both without losing a game. His skill was to create obscure situations with both sides under time pressure, where Speelman proved a fast and accurate calculator. He kept his nerve far better and scored crushing victories. Can he win against the experienced Timman? Reason says no. The matches are eight games rather than the brief six of the earlier series while Speelman's recent form has been patchy. Timman knows what to expect and will avoid the errors of Short and Seirawan. But Speelman is also on home territory and will gain support from an eager public. SOLUTION: Section II, Page XIX

Continued from Page 6

The resort started paying for Ernest Hemingway's holidays in return for using his name to promote it. He only skied there once. America's first chair lift was invented by an engineer who copied a ship's fruit loading device. He decided that skiers were intrinsically no different from bananas. Today, modern high-speed quads are taking over. When there is fresh snow, the locals make for the bowls. Such swooping descents as Lookout, Little Bester and Mayday receive the immediate attention of the experts while intermediates head for Stagg's or Far Out.

TAOS, New Mexico

A lone, high beacon in the wilds of Carson National Forest, surrounded by the spectacular Sangre de Cristo peaks, Taos is a spiritual and physical Shangri La to cult skiers. It is sometimes said that Texans arriving at the mock alpine village take one awe-inspired look at Al's Run and with tyres screeching perform a U-turn and hastily depart for home. Taos has slopes for every standard, but you can't see them from the parking lot which is why the late Ernie Bester, who started the resort, erected a sign saying "Don't panic."

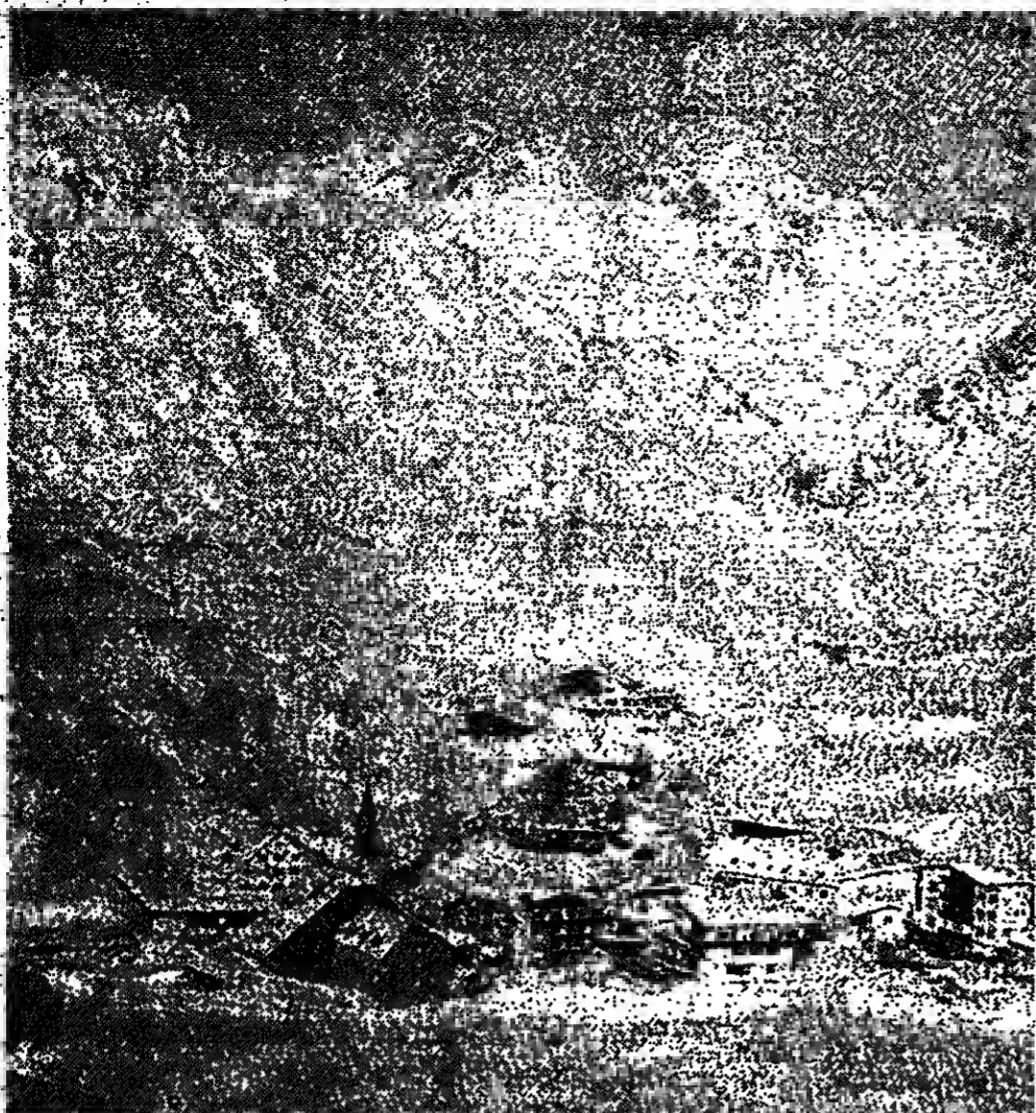
Like Al's, other "ego busters" like Snakedance, Longhorn and Inferno are never groomed. Experts head straight for double diamond chutes such as Thunderbird, Oster, Fabian or Stambler. To reach many of the chutes you need to climb for some 20 minutes. Those sufficiently energetic can walk to Kachina Peak if it is open. But all "out of bounds" skiers must report to the ski patrol before noon.

TELLURIDE, Colorado

Like the best (but not biggest) of the gold nuggets that used to be dug from its once busy mining areas, Telluride is waiting to be discovered. It is smaller but sometimes steeper version of Jackson Hole, hidden away at the end of an 18-mile box canyon and dominated by spectacular 14,000ft peaks. The impact is unmatched by any other Colorado resort. Runs such as True, The Plunge (reputedly the longest and steepest in Colorado) and Spiral Stairs would test any skier. Gormon and Sunshine are less severe faces and popular with intermediates.

VAIL, Colorado

This ersatz Austrian village has been given a tremendously



St Christoph, a tiny gem of a resort, sits snugly in the snow

unfair advantage - its natural bowls. It is as if some almighty force during the creation of the Americas was dispensing a bowl each to skiing areas but dropped a whole stack (2,600 acres worth) on one Colorado mountain like a clumsy waiter. Now that China and Siberia Bowls have been put on the trail map, Vail's official ski terrain has more than doubled - an extraordinary development considering that Vail was already America's largest single mountain resort. Its runs are tremendously varied, flawlessly groomed, and beautifully groomed. Probably it comes closest to being the world's most perfect all-round ski resort.

VAL D'ISERE/TIGNES, France

All the superlatives apply. Within a 10km area there are 35 peaks between 9,800 and

12,000ft. The villages may lack charm but on the slopes there is an embarrassment of riches. Although the so-called "Espace Killy" is a paradise for experts, with whole departments of superb and scenic off piste, there is also an incredible wealth of comparatively easy skiing above the tree line. As a result, fit intermediate skiers can cover extraordinary distances without fully realising it until they look at their lift maps in some amazement over dinner. There are perfectly good beginner slopes, but in a way sending a child with a bucket and spade to explore the Sahara.

ZERMATT, Switzerland

Twenty-nine of Switzerland's 4,000-plus mountains jostle almost shoulder to shoulder around this famous resort. The skiing is divided into three

main areas and the permutations are almost endless. Triftli, an exhilarating and tough run from the top of the Stockhorn cable car, is a huge favourite with toughened mogul skiers; it is great in powder, too, but alarming to gentler souls. Other good blacks include the National, Chamols and Marmotte.

Not far from the base of the Matterhorn is the Schwarze area where some of Zermatt's other challenging runs, such as Aroleid and Tiedbach, can be found. In between Schwarze and the Kleins Matterhorn (the top of Europe's highest cable car) is the Theodulpass and Testa Grigia - fairly easy skiing and a point of entry across the border to the Italian resort of Cervinia. Zermatt is famous for its mountain restaurants.

The Thomas Cook International 50 Ski Resorts by Arnold Wilson is published by Webb & Bower/Michael Joseph on October 5, price £15.95.

User-friendly Vancouver

Keith Wheatley visits a wealthy corner of British Columbia

THE STEAM whistle of the Royal Hudson reverberated among the granite-walled fjords. Below the train, sometimes a vertiginous 100ft below, lay the deep green waters of Puget Sound. At other times the track came down to the water's edge and it was easy to glimpse through the picture windows great rafts of pine logs being shepherded by tugs down to the pulp mills. Behind the massive 4-6-4 locomotive, its boiler fired by bunker oil rather than coal, trundled 14 plum-coloured coaches dating from the 1940s, the heyday of Canadian Pacific Railways. From the overhead loudspeakers drifted the plaintive clarinet of Arnie Shaw, a perfect counterpoint to the long melancholy hoot of the engine as we hugged the cliff face above the island-studded sea.

Each day the Royal Hudson makes the 40-mile journey north through British Columbia from Vancouver to the logging town of Squamish. Most of the train's passengers are now tourists but Squamish (population 1,100) remains a resolutely blue-collar forest town immune to even the modest sophistication of Vancouver. The Chieftain Hotel, at the corner of Main Street and Victoria, has the choice of two signposted entrances: Gentleman or Ladies & Escorts. Otto, the Ukrainian bartender, laughs off the signs as "just old history." Maybe. Yet this is a serious, hard-drinking bar for men who spend their lives felling big timber. A massive young lumberjack drains his beer and refuses a game of pool, instead taking a laughing working girl off in the direction of the motel units behind the bar. At least they were, in 1989, able to use the same exit. The day trip to Squamish draws steam train enthusiasts from all over North America. But not the least of its charms is that one makes the return journey by ferry. For three hours the little ship Britannia, threads through narrow fjords, before entering the wide 15-mile strait between the city and Vancouver Island.

Britannia enters Vancouver harbour beneath the spectacular Lions Gate Bridge. It was built in 1983 by British property developers who needed to link the downtown area with

the suburban plots they owned in North and West Vancouver. The latter is now the wealthiest suburb, measured by per capita income, anywhere in Canada. One would not doubt it. The houses, understated but comfortable, enjoy a location that compares with Sydney Harbour or San Francisco. They cling to the wooded hillsides looking south to the office towers of the city centre. Behind them are snow-dusted mountains rising to more than 4,000 ft. World-class skiing at Whistler Mountain is just over an hour from the sailing paradise of the Royal Vancouver Yacht Club.

This rare accessibility to the great outdoors makes Vancouver a gem among cities. It is small. You can walk across the central business district in 10 minutes. For the most part its buildings are undistinguished. But down almost every street a glimpse of the harbour compensates for drab architecture. An honourable exception is

the Art Deco splendour of the Hotel Vancouver. In mid-summer 1989 the hotel celebrated its half-century. Brilliantly, the management staged an amnesty for staff and former guests. "Lead us everything your Mom and Dad plucked!" read the posters. Memorabilia rolled in, from solid silver coffee jugs to menus for the Prince of Wales' visit. The lobby exhibition was informal and stunning.

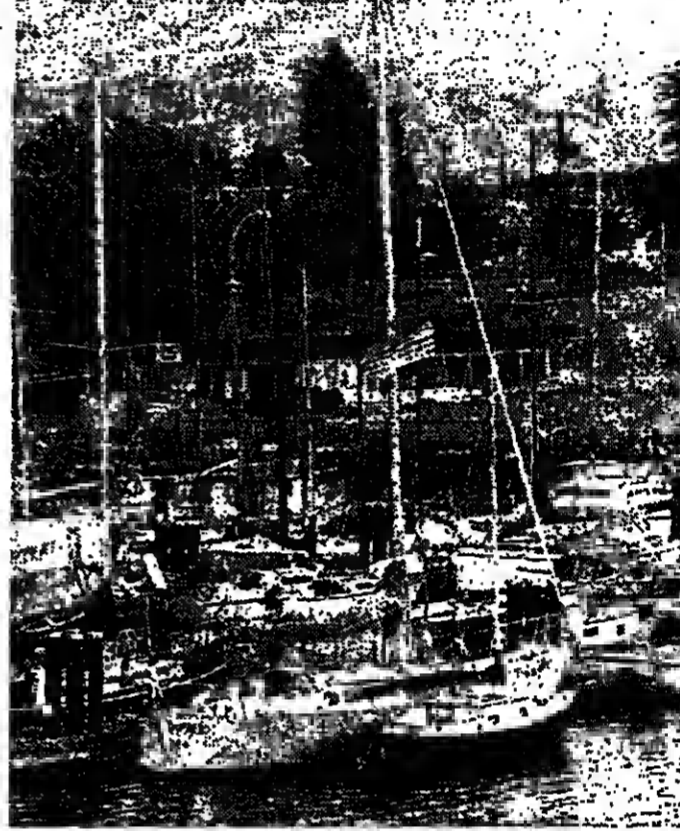
This is Vancouver at its best: off-beat and gently non-conformist in comparison with eastern Canada. The city probably has more in common with southern California than the stilted, Calvinist societies of Ottawa and Toronto. A great many movies and TV series are now filmed in Vancouver. Vancouver's streetscape seldom rises above solid provincial, but the continual glimpses of the backdrop beyond redeem almost everything. At Canada Place, a startling galleon of a building that was the national pavilion during Expo 86, cruise

ships berth hard by bank towers. This immediate view goes by the name of Gastown and has the somewhat self-conscious chic of Covent Garden. The district's name comes not via the provision of a mundane public utility but from Jack Deighton, a saloon-keeper who opened for business in 1867. The loquacious Deighton quickly earned the nickname Gassy Jack. Sailors down the entire west coast of the continent would make plans to meet at "Gassy's." His statue stands at Maple Tree Square, not far from the world's only steam clock.

This amazing contrivance rises 16 ft above the cobbled pavement, weighs over three tons and has a steam whistle that blasts out its own version of the chimes of Big Ben. Gastown has some pleasant bars and restaurants but is expensive and more than somewhat self-conscious. Much better for the adventurous is Granville Island. There can scarcely be an item of fresh food in the world not obtainable here. The Kid's Only Market is devoted to those under 14, with over a score of shops selling everything from games to clothes. The Water Park has amiable fire hydrants. Parents beware. Every Vancouverite will urge you to take the 30-minute ferry ride across the Georgia Strait to visit Vancouver Island, site of the provincial capital Victoria. The ferries are as large, and charmless, as the Staten Island monsters that ply New York harbour.

However, Victoria has a shy, English grace. It is a town full of politicians and that means restaurants. Sea food in British Columbia is practically a religion. Six kinds of oysters, a tank of pink-fresh crustaceans and an endless list of broiled and poached fish are commonplace at even modest establishments. Prices are generous by London standards. At Joe Fortes, one of Vancouver's spiciest fish joints, three of us ate two sublime courses and drank crisp chardonnay for under £50.

One leaves few cities in North America with anything other than a sigh of relief and involuntary amnesia as soon as the plane takes off. It would be a perverse visitor who felt that way about the spectacular and user-friendly Vancouver.



Care to share? An assortment of fishing boats, yachts and other craft do just that in the harbour at Vancouver Island

An A to Z of US skispeak

This winter a record number of British skiers will be visiting the US. Like Austria, Switzerland and France, America has a quaint skiing language of its own. Arnold Wilson provides a US ski slope glossary

A is for Air

As in "Buy air, mate!" It means taking off on your skis as you overweigh and getting as much height as possible. Advanced skiers do this in order to be admitted by average skiers. Try it in Alta and Aspen. A is also for A-squared, a descriptive word applying to skiing and scenery now used in all American ski resorts, but originating in California. Almost interchangeable with its more recent equivalent, Radical!

B is for Bowls

Huge bowl-shaped areas of snow found much more frequently in the Rockies than in Europe. They are left un-groomed so that keen skiers can power their way into powder, loose snow or what have you without having everything groomed for them. The Americans are big bowl skiers. Vail, Colorado, has the best in the US and probably in the world: Sun Up, Sun Down, Teahorn, Marmotte, China, Siberia and Game Creek are their names. B is also for bugaboos, one of the exotic areas in Alberta and British Columbia where hell skiers practise their art. It is also for Broadmoor, a ski resort in Colorado; and for booterplate, New England snow at its worst.

C is for Charles

They're a little like European couloirs (steep, narrow gorges on the mountainside). But because the tree line in America goes so high - up to around 10,000ft instead of the 7,000ft usual in Europe - chutes frequently have trees in them which prevent you turning at will. Chutes tend to be swaths through the trees rather than gullies through the rocks, but the technique required is similar. C is also for Condominiums, or condos: luxury apartments that make their French equivalents look like rabbit hutches. Crazy gins is



D is for Double Diamond

It's a difficult black run, although in practice no worse than a stiffish French black. D is for Duo snow. This is for good, light, forgiving snow that you suddenly feel that you're skiing like an expert.

F is for Funky

Word denoting interesting descent (less dramatic than Assorted or Radical!) Not to be confused with funk (fear, panic and loathing at top of steep chute). G is for Gorilla Snow and the Greatest snow on Earth. According to the American writer Peter Oliver, Gorilla Snow happens when "the warmth of the sun has worked the snow into a thick puree." This, of course, rarely happens in Utah, where they officially claim in their vacation literature to have the Greatest snow on Earth.

H is for Hostesses

Americans pride themselves on their ski hosts and hostesses, who get a free lift pass but usually no money for showing special guests around a resort. In Heavenly Valley, California, they have the delightfully quaint title of Heavenly Hostesses.

I is for Interconnect

Possibly the closest the Americans have to the haute route, an exciting "out of bounds" tour of five Utah resorts: Park City, Brighton, Solitude, Alta and Snowbird. J is for Jackson Hole. This superb resort in Wyoming is arguably the best in the US for dramatic skiing and scenery. K is for Kinda lit.

L is for Lift Line

American expression meaning the best (kind of lit). Used to describe helicopter skiing in British Columbia and Alberta. L is for Lift Line American for lift queue. Totally different from European concept since lift lines are agreeable, civilised and marshalled by lift line attendants, so there is no mauling as skiers trample over you and your skis as they do in Europe.

M is for Mares

As in super quadruple chairlift, often the high speed detachable version much in favour in resorts such as Breckenridge and Beaver Creek. R is for Rockies Rugged! Bew! Rampant! It is also for red headed steppan: any embarrassing Achilles heel that you would rather people didn't know about (eg. in Heavenly Valley, missing the

mid-west snow at its worst.

last lift back from the Nevada side of the ski resort and having to make a tortuous bus ride back to California). S is for Smilers and Wavers (The lift line attendants who marshal queues of skiers and get them safely and politely onto their quad chairs. In Taos, New Mexico, they sometimes even offer a small portion of pizza if the queues - sorry, lines - get a trifle long. S is also for singles: people skiing alone who are paired off (usually just for the ride) by smilers and wavers after shouting out "Single!" in the lift line. T is for Tram. American word for cablecar. T is also for tree skiing. Unlike Austrian and Swiss resorts, many American resorts encourage skiers to ski in the trees. Steamboat Springs, Colorado, is famous for its tree skiing (among aspens and spruces) in champagne powder. T is also for Taos and Telluride, Colorado, resorts that some aficionados rate as America's best. It is also for trails, which is American for pistes. V is for Verticals. As in vertical feet, which serious hill skiers collect obsessively. Ski a million verticals in Canadian Mountain Holidays territory in the Bugaboos, Cariboo, etc, and you will be given a free ski suit. Mind you, the skiing itself costs a fortune. V is also for Vermont, the home of Stowe and Killington, the biggest resorts in the East. And for Vail, home of the best bowls in America. W is for Wiggle-Wagles and Whoopsie Doo. Wonderful fun for children skiing at Beaver Creek, Colorado: specially devised roller coaster bumps in an area where adults are discouraged. X is for Xmas Tree. A delightful black run through the trees at Aspen, Colorado. Y is for Yellow trails. Some resorts - such as Snowbird, Utah - use yellow to denote a resort's most difficult and dangerous skiing. You don't need to be a coward to stay away from a yellow streak on the trail map. Z is for Zapped. Which is what you'll be if you're careless on Yellow Trails. It is also for Zaugg Dump, one of Aspen's most difficult trails. Flying Z, a trail on Steamboat's Storm Peak, and Zulu Queen, one of Telluride's double black diamonds.

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FINANCIAL TIMES

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Saturday September 30 1989

The week in Washington

WHEN THE finance ministers of the Group of Seven industrial countries surveyed the world last weekend they saw that it was good. The obvious question is whether it is quite as good as they think.

Events have a habit of puncturing bubbles of euphoria, but the satisfaction is at least quite widely shared. The IMF's World Economic Outlook forecast steady growth in the industrial countries, at 3.5 per cent in 1989, declining to 2.9 per cent in 1990. Inflation in the industrial countries is expected to fall equally smoothly, from 4.5 per cent in 1989, to 3.3 per cent in 1990.

Not that the report neglected such headaches as the slow pace of external adjustment among the largest industrial countries and the troubles of indebted developing countries. Both of these problems relate to what the Chancellor of the Exchequer argued is the main novelty of the world economy in the 1980s: the free flow of capital. It was the flow of capital towards the US in the early 1980s that left the world with the "problem" of external adjustment and it was the disappearance of capital flows to developing countries that triggered the "debt crisis."

Gold standard era

"We have to go back to the era of the classical pre-1914 gold standard," Mr Lawson remarked, "to find an extended period of free capital mobility and so little government intervention. At that time too, there were large and persistent current account surpluses and deficits on the scale of recent years."

The parallel is, indeed, intriguing, but the differences are alarming. Before 1914 no major country had a large current account deficit with short-term borrowing at 14 per cent, as the UK is doing now. The then developing countries did not borrow from commercial banks for terms of five years or less and at variable rates of interest. Borrowers eschewed appropriation, controls on inward direct investment or hyper-inflation. Exchange rates among the world's major countries did not fluctuate and the main creditor country was not protectionist.

It was a world in which Argentina could borrow in London at lower long term rates of interest than West Germany today from its own citizens. While much credit has been learned since the world before 1914, it can be learned only by those who never forget the differences.

That experience does at least teach us that exports of capital can be a virtue. It is not unreasonable to ask Japan or West

Germany to try to keep domestic demand growing in line with the potential. It is completely unreasonable, however, to go on insisting (as was done yet again in the G7 communiqué) that their surpluses should be eliminated. The problem is not the surpluses, but where they are going. It is a scandal that the Federal Government of the US continues to hog so large a share of the world's surplus savings.

Keynesian legacy

As Mr Lawson remarked, "one Keynesian legacy has been a preoccupation with an incipient shortage of demand whereas it is an incipient shortage of capital that is emerging as the real problem." The World Economic Outlook points out that since 1981 national savings rates in the industrial countries have been running at percentages points lower than before the first oil shock. This is not a world in which Japan or West Germany should be asked to save less.

It is only if the demand from the US for capital from abroad diminishes that developing countries can hope to be recipients of large inflows again. In the meantime, the mistakes of the 1970s - in which both the governments of the main industrial countries and the international agencies were deeply implicated - need at last to be resolved. This will not be done by telling the commercial banks to throw good new money after bad old money. It will be done by encouraging them to write down the outstanding debt, instead.

With this accomplished, the IMF can be relieved of its ambiguous role as simultaneously debt collector and certifier of the economic soundness of indebted countries. In the process, the IMF has lost both credibility with the commercial banks and authority with the indebted countries. Worst of all, the policies that indebted developing countries must adopt in their own interest are seen as being foisted upon them by a brutal IMF in the interests of the commercial banks.

Whether the IMF would then have any justification for the controversial quota increase is questionable. It is not inconceivable, however, that capital flows have become quite as important as the Chancellor says, but they may prove as skittish as the critics fear. Without all the features of the pre-1914 world, the IMF may still be needed to pick up the pieces left behind by the private flows. It is a worrying thought, but perhaps even the US itself will need that assistance some time in the 1990s.

For the past few days, the world has been able to ponder one of the mysteries of its economic management.

At the annual jamboree of the International Monetary Fund and World Bank, finance ministers and central bankers have been extolling market-oriented economic policies as the prerequisite for a new era of growth and prosperity. Simultaneously, however, the world's big central banks have been busily interfering with what must be the world's biggest and most liquid market: that for foreign exchange which, in London alone, has a turnover of \$190bn a day.

The jury is still out on the latest attempt by the Group of Seven big industrial countries - the US, Japan, West Germany, France, Britain, Canada and Italy - to tame the dollar. After a week of continued central bank intervention it closed in London last night down 7.8 pence, and down compared with DM 1.9486 and Y 145.60 the previous Friday.

In Britain, matters have been complicated by a mini-sterling crisis following August's disappointingly large \$2bn current account deficit. Sterling's plight has forced the Bank of England into some exotic intervention procedures including the first sale of European Currency Units for pounds.

But although the dollar is down it is not "out." As the week wore on it displayed considerable resilience against the central bank onslaught.

On a strict interpretation of the G7 communiqué, the week's events have been a success for the central banks. The seven "agreed that a rise of the dollar above current levels or an excessive decline could adversely affect prospects for the world economy." They have succeeded in putting a cap on the dollar's rise.

But suggestions from, among others, Mr Satoshi Sumita, the veteran governor of Japan's central bank, that last weekend's accord was as meaningful as the September 1985 Plaza agreement to bring down the value of the dollar appear exaggerated, to say the least. The past week's events did not mark a bid to correct a major misalignment in the dollar such as existed in the mid-1980s.

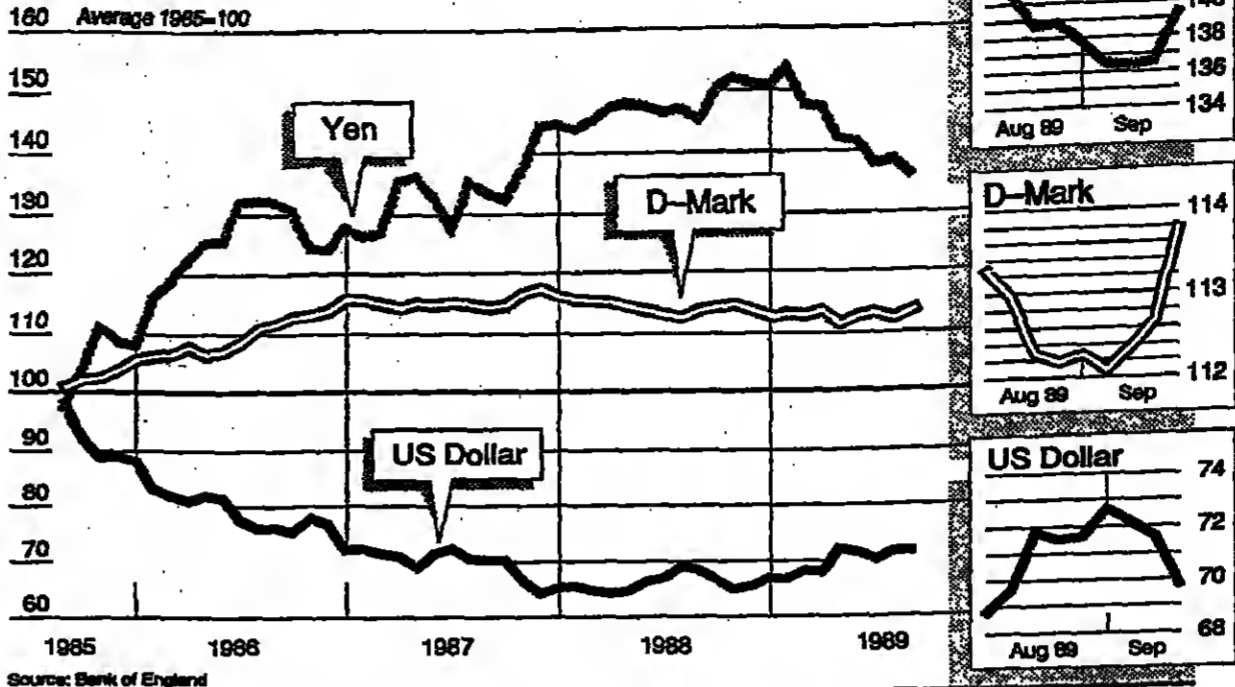
The Plaza accord followed a period in which the dollar's overall international value had increased 63 per cent by March 1985 from its average of 1980. By early 1988 it had fallen below its 1980 level.

Present measures appear to be a pragmatic exercise to nip an incipient misalignment in the bud. If the central banks succeed in capping the dollar, they could also strengthen the counter-inflation policies of West Germany and Japan while easing US fears of declining competitiveness.

Four years ago, much bigger problems united the big industrial countries in their desire to reduce the dollar's value and in their analysis of the state of exchange markets and the world economy. The strong dollar of the mid-1980s was creating what appeared to be a dangerous and ever-larger US balance of payments deficit. Soaring imports fostered protectionist

Peter Norman looks at differences in monetary strategy highlighted this week

Exchange rate indices



Source: Bank of England

The battle to tame the dollar

calls in the US.

One of the important goals of the Plaza accord was to stop the US turning its back on the world and adopting policies like the notorious Smoot-Hawley tariff that condemned the world to the depression of the 1930s.

In intervening to push the dollar lower, the central banks then had the advantage of working with the grain of the market because the dollar had been declining since spring 1985.

The latest G7 text had echoes of the Plaza accord in declaring that the dollar was overvalued. It said "the ministers and (central bank) governors considered the rise in recent months of the dollar inconsistent with longer-run economic fundamentals." However, in the course of the past week, it became clear that there are wide-spread but subtle differences among the seven over the value and objective of currency intervention to control exchange rate movements and over

the future of co-operation on exchange markets.

These differences do not add up to such deep discord as the row between West Germany and the US about monetary policy in Germany that helped precipitate the global stock market crash of October 1987. Indeed, the seven originally had some success in keeping their differences concealed by an agreement to refrain from individual explanations of the communiqué.

But the differences lend support to the view that the latest agreement on the dollar is a pragmatic affair with the strengths and weaknesses that implies.

Monetary authorities hold differing views on the value of intervention itself. The US Federal Reserve, which acts on the instructions of the US Treasury in foreign exchange markets, sold a record \$11.5bn between May and July, building up large yen and D-Mark holdings in the process.

By contrast, Mr Karl Otto Pöhl, president of West Germany's Bundesbank, dislikes the D-Mark's reserve currency role and has become increasingly sceptical about intervention, arguing that dollar sales can merely supply speculators with cheap dollars to sell at a profit later.

Even with intervention in the reported \$4bn range, central banks cannot hope to outgun a market that has doubled in size in the past three years. The seven have also been unable to agree on whether to use interest rates to control the dollar.

Last weekend's G7 communiqué contained no reference to monetary policy. Mr Ryutaro Hashimoto, the Japanese Finance Minister, later made clear that he saw no domestic reason for a rate rise in Japan. In West Germany, where a small increase in the discount rate now seems a possibility, officials hint at a tightening of monetary policy to

Chancellor Lawson stays lucky

few illusions. "We are in the middle of a very difficult market situation and we haven't seen the end of it yet," one said yesterday.

Sterling has been an accident waiting to happen for a year or more. It has been market wisdom that the pound would fall either because, with the economy slowing, an interest rate cut was in the offing; or because current interest rates were not high enough to compensate investors for the perceived failure of policy.

It was this consideration that came into play after Tuesday's news of the August deficit. To many in the markets it showed that the economy was

reacting too slowly to the Chancellor's year-long tightening of monetary conditions.

The August figure on its own would have been enough to scare the currency markets. But coming after July's \$2bn deficit - forgotten because of possible distortions by the docks strike - there were no excuses.

However, Mr Lawson continues to live up to his reputation for luck: as the August figures were published the G7 central banks were intervening aggressively to hold down the dollar.

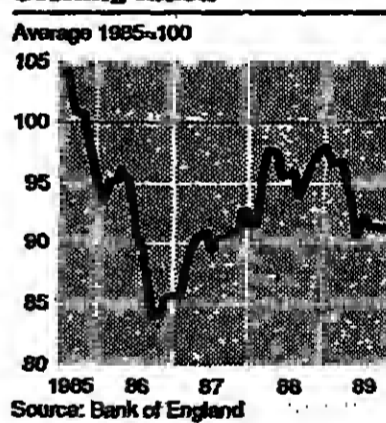
The foreign exchange market is a

"single issue market" not noted for the length of its attention span. Action in the dollar will always supersede problems with other currencies. To the great relief of the UK authorities that is exactly what happened this week.

Chancellor Lawson has also been helped by a rise in UK money market interest rates. At 14.75 per cent for three-month money yesterday they were helping the pound, but they also contained the markets' message to Mr Lawson: base rates should be 15 per cent.

Simon Holberton

Sterling Index



Source: Bank of England

It took Leszek Balcerowicz and his wife Ewa, also an economist, one day and the best part of the following night pacing the small Warsaw flat they inhabit with their two children to decide whether he should take on the task of trying to set Poland's economy to rights.

Mr Balcerowicz, a 42 year old academic, had been offered the post of Finance Minister by the Solidarity Prime Minister Tadeusz Mazowiecki. All the arguments were for saying no. On top of the familiar ones about workload and family life, there was an additional consideration. The Balcerowicz were about to go off to the north of England for a ten month lecturing stint which would have allowed them to buy a larger home.

A deputy premier's salary, though large by Polish standards, is not much greater than a coal miner's. Mr Balcerowicz says that what made him accept the job was the challenge of squaring the circle of Poland's economic problems; but those who know him well add he was also impelled by a sense of duty to his country. That sense of duty will now keep him and his family in cramped quarters.

The offer came out of the blue. Mr Balcerowicz, who had first studied and then taught at Warsaw's Central School of Planning and Statistics, was best known among academics as the head of the team that in 1980 had produced the best blue print for reforming a socialist economy available at the time. Both then and now he betrayed little political ambition. His links with Solidarity were tenuous and limited to acting as an occasional consultant on the economic musings of what was then the opposition.

After martial law was imposed in 1981, Mr Balcerowicz's interest veered sharply away from the search for a streamlined, efficient state-controlled economy to free market liberalism and the lessons the economic success of countries like South Korea might teach

MAN IN THE NEWS

Leszek Balcerowicz

A daring novice driven by a sense of duty

By Christopher Bobinski, John Lloyd and Stephen Fidler



Poland. His view is that the supply of excess money to the economy must be choked off quickly if inflation is to be brought to heel.

He says his lack of expertise in government means that he can bring a fresh mind to the issue, while his academic involvement with international finance gives him the expertise he needs. While accepting the need for pragmatism - shown for example by his decision to ask parliament for permission to print an extra 1,500bn zloty in October to cover the hole in September's budget - he is capable of resisting the traps bureaucrats like to set.

One Government departmental head sees that a typical attempt to squeeze a rapid decision out of Mr Balcerowicz on the grounds that any delay would hold up important international talks met with a rebuff. "He told me he would

have to examine the issue to see how it would affect other areas before saying yes," the official said, adding: "his predecessor would have caved in."

Mr Balcerowicz was pushed, within weeks of taking office, into the golden bowl of the International Monetary Fund and World Bank meetings in Washington this week. His presence, and the fate of the Polish economy, dominated the occasion. He outlined an extraordinary timetable to transform the Polish economy and with it made the inevitable and necessary request for Western money to help fund it.

His bespectacled, bookish appearance belied the bravery of the programme. The reaction was one of excitement - the Group of 7's discussion on Poland was described as "electric" - and of fear of what would happen if the programme failed.

Mr Balcerowicz knows the stakes: "We have to move quickly and we intend to do so. If we missed this opportunity, it would be a very great consequence," he told a press conference in Washington.

This conference was the Minister's only appearance before the press in Washington. It was slightly chaotic, partly because of his rapid delivery of English and the apparent dislike he shared with his party of microphones. As a fledgling politician he seemed astute, careful neither to embarrass those whom he was asking for support nor the Soviet leaders whose attitude to Polish developments remains critical.

He impressed those who met him in Washington by his combination of seriousness and optimism, although some were worried that even he might be under-estimating the magnitude of the problem his government faces.

when he returns home. The day after Mr Balcerowicz presented his plan - including the abolition of price controls - to the Group of Seven, Lech Walesa, Solidarity's chairman, went to a press conference in Gdansk. He told the press: "If someone fools around with prices they do so at the expense of the Government."

There are other signals that the population is nearing the end of its tether. A leap in milk prices last week, after a month when they had been in any case rising steadily, evoked near despair in many people. The price of petrol jumped by 50 per cent overnight. An increase in prescription charges was rescinded at the last minute on Mr Mazowiecki's instructions. The Prime Minister, nervous about the political consequences, thereafter asked his ministers to form him the every price rise they might be planning.

Mr Balcerowicz seems none the less set to go ahead to remove the bulk of remaining subsidies on food items, imported raw materials and agricultural machinery at the beginning of October. He faces a battle with the more far-sighted members of the Administration to put the coal price up by 100 per cent, pulling energy prices in its train.

If he is allowed to put his notions in operation, he will face a long slog. Only once prices are freed, Mr Balcerowicz says, can fundamental changes like privatising and demopolising the state sector, reforming taxes and the banking system, and making the zloty convertible be introduced.

Mr Balcerowicz is the first finance minister to plough up post-communist land; he cannot know how rough it will be. No-one has been here before. No-one knows if success is possible, everyone is telling him it will be very difficult. Failure could lead, as Lech Walesa unhappily presaged, to a civil war. But success is not merely avoiding it. He will yearn for that British lecture tour many times in the future.

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The Labour Party arrives in Brighton this weekend for its 88th annual conference more confident of winning a general election from opposition than at any time in the last 25 years.

As Labour's conference gathers, Michael Cassell assesses Mr Kinnock's prospects

A hard but hopeful road

The party can still show its proclivity for shooting itself in the foot. Last week Mr Kinnock was "forced to clarify" remarks by Mr Bryan Gould, the trade and industry spokesman, who seemed to go too far in threatening the dividends of shareholders in privatised companies.

nuclear disarmament. The change of policy is expected to win approval, despite the protests of the Transport and General Workers' Union. The prospect of the construction and possible commissioning of Trident submarines under the watchful eye of a Labour government is a potent image of the ideological leap which Mr Kinnock has persuaded his party to make.

There is also support among MPs. Mr Kinnock will resist the calls, although he will be careful not to denigrate them. He may sanction the establishment of a working party on the issue. The centre parties expect Mr Kinnock's opposition to PR to crumble as the impossibility of an outright Labour win looms larger.

Black sections. This, perhaps the most marginal but most damaging row, is a long-running debate about whether local Labour parties should have separate "black sections" for non-white members. The subject shows the party in its worst light; it is a debate the leadership would give its eye teeth to avoid.

Policy changes are not the only items for debate. The party's internal restructuring is not yet complete, with the fate of the trade union block vote - which gives

the unions a 90 per cent hold on the conference's decision-making process - still to be decided.

No decision will be taken this year but Mr Kinnock will want either to reduce the role of the block vote before the next election or have firm plans to do so well under way. That the project is practicable at all is a measure of the unions' desire to see Labour win and their recognition that the existing arrangements are an electoral liability.

Once the conference is over, the party expects to publish a campaign document by next year, to form the basis for the general election manifesto. Only as the final programme is drawn up will it be clear in detail. Labour is committed this time to doing its sums properly; it will reject as hopelessly premature any earlier attempts by political opponents to price its programme.

Much of the next phase of detailed policy-making will concentrate on the party's economic policy, with Mr John Smith, the shadow Chancellor, assuming an even more central role in the process.

Labour's view is that, despite the apparent unpopularity of such Conservative policies as the continuing programme of privatisation, the poll tax and National Health Service reforms, it will again be the economy which decides the outcome of the next election.

It is, arguably, the party's best hope - or its highest problem. At the last election, the party's credibility appeared weakest on economic issues, with the leadership

publicly at odds on matters such as personal taxation.

Even now, with the Government struggling to put a brave face on its efforts to prop up the pound and squeeze down inflation, the Opposition still fails to convince the voters of its economic competence.

On the specific issues of prices, taxation, the general strength of the economy and on strikes, the Tories maintain an impressive lead in the polls. Labour has not yet, despite strenuous efforts, managed to ditch its reputation as the party of high taxation and high inflation. Mr Smith is said to be "going into a thinking mode" to find ways of denting the voters' greater faith in the Conservatives over the economy.

Inevitably, however, the greatest burden will fall to Mr Kinnock himself. He likes to

take pot-shots at Mrs Thatcher's prime ministerial longevity - but, by the time of the next election, he is likely to have led his party in opposition for over eight years. His strengths and faults are well known; he has two years to vanquish the "nice-bloke-but-no-Prime Minister" tag pinned on him by his opponents. The Tories do not intend to let Mr Kinnock escape lightly, and are likely to unleash a personal onslaught on him as the next election approaches.

None the less, with the debilitating years of internal warfare behind him, his colleagues hope Mr Kinnock can now begin to display the reflectiveness, maturity and confidence he will need in order to impress. No longer forced to look over his shoulder, he may be able to concentrate on the path ahead.



"OUT with the kleftes (thieves)," says a spray-painted slogan doing its best to obliterate the rising sun symbol of the Panhellenic Socialist movement of the former Greek prime minister, Mr Andreas Papandreu.

Kerin Hope in Athens considers the issues of ethics and politics in the forthcoming Greek elections

Catharsis of democracy

Much of the paraphernalia is still around from last year's inconclusive election, which ousted the Socialists after eight years in power but failed to give the conservative New Democracy party of Mr Constantine Mitsotakis an overall parliamentary majority. A quick refurbishing is all that will be needed in preparation for fresh elections on November 5.

With a popular conservative backbench, Mr Fotis Tzaniatidis, as prime minister, the coalition quickly underlined the historic reconciliation between the enemies of the 1940s civil war. Thousands of files left over from the days when right-wing governments routinely harassed left-wing citizens were ceremonially burned.

action has been taken on pressing economic problems, such as the public sector deficit, likely to reach 22 per cent of gross national product by the end of the year. The government's focus remains fixed on the Bank of Greece scandal and its implications for Mr Papandreu, who will fight the election while awaiting trial by a special court on charges of abuse of authority, taking bribes and receiving stolen money - offences punishable by up to 20 years imprisonment.

Mr Papandreu's alleged complicity in the \$300m swindle at the Bank of Greece is to a large extent on the testimony of the bank's owner, Mr George Koskotas, who is awaiting extradition to Greece on fraud and embezzlement charges.

By voting for the Socialist leader's indictment this week, parliament set in motion the ponderous constitutional machinery for bringing government ministers to trial. The evidence presented of

said a leading businessman. Nor did the assassination by radical leftist terrorists of a conservative backbencher, Mr Pavlos Bakoyannis, on the day of the Parliamentary vote in the Koskotas affair, noticeably brighten political tensions. Mr Bakoyannis was the son-in-law of Mr Mitsotakis, the New Democracy leader, whose standing has grown as a result of the coalition government's stability.

The shooting was the fourth death claimed in as many years by the revolutionary November 17 organisation, named after the day that the colonels' junta crushed a student rebellion. Once again, the question was raised of why the Greek police have failed to arrest any of its members. As

the Communist leader, Mr Harilaos Florakis, who spent years on the run after the civil war, put it in parliament: "I could never lose the police for more than a year. How is that none of these terrorists has been caught in 14 years?"

Yet even if the Socialists can finish first, Mr Papandreu's proposals for a partnership of "progressive forces" show he still dreams of returning to power through an alliance with the Communists, who have not ruled out cooperation with Pasok.

A matter of degree: A level, undergraduate and graduate study

From Mr Martin Dodson. Sir, Although university courses would be seriously affected by a radical broadening of the sixth form curriculum, (letter, September 27), a lengthening of the bachelor's course to four or five years is not the only option. Additional academic qualifications may be the answer.

Only about 40 per cent of graduates in physical sciences, and 60 per cent in engineering and technology go directly into professional employment, according to figures gleaned from "University Statistics 1987-88". The remainder either train for further qualifications (40 per cent of physical scientists, 15 per cent of engineers), or enter employment in non-technical areas such as finance or management.

speciality. It is arguable from these figures that first-degree courses are, for many students, too narrowly oriented towards a professional qualification. Selective post-graduate schemes along the lines of the North American master's degree or the German Diplom could provide an element of flexibility and would be more cost-effective than a blanket increase in the length of the bachelor's course.

importance. The case for reform is, however, more complicated than Mr Frowse makes out. The American system, in which students up to master's level are required to take a range of courses outside their speciality, can turn out graduates who possess a broad but superficial knowledge. This means that one is often at an introductory level, learning basics without reaping the harvest of the effort - rather like learning the alphabet yet never reading Shakespeare. I fear that an increase in the number of A level subjects would put pupils in England in the same position.

More subjects would also mean more, not less, elitism in the system as a whole. A person wanting to become a doctor would spend longer in school than he does at present because less material would

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate, Net CAR, Interest, Minimum balance, Access and other details. Lists various investment options from Alliance and Lifestar to Yorkshire.

Framlington

From Mr Tim Miller. Sir, John Edwards's account of the hypothetical model Framlington investor - Uncle Charles's friend, or the vicar in Carlisle ("Framlington: a pause for thought," September 23) - gave the impression that my old company was some kind of fuddy-duddy or dodo. This is nonsense.

The Green Party and global economics

From Mr John Matthissen. Sir, Opposition to capitalism is being debated and resoundingly rejected by the Green Party at its conference in Wolverhampton. The real problem is the scale and intensity of industrialism. Industrial activity has grown enormously over the last century, without any legislative or fiscal framework restraining it within the context of global environmental imperatives.

Plastic cards

From Mr Michael Dixon. Sir, Linked automatic teller machines (ATMs) must eventually be the answer to both convenience and cost when "playing your cards right on holiday" (FT, September 16). However, for my latest visit to Geneva, I transferred sterling to my Access account at Swiss banks in Geneva. I incurred neither transaction nor interest charges, save a minor loss of interest on my current account. Access normally charges for borrowing on receipt and Visa charges 1.5 per cent turnover. Currency and travellers cheques can be expensive.

Satellite TV

From Mr Jonathan Miller. Sir, A solution to Channel 5's woes ("Reception conflict and delays threaten Channel 5 launch," September 23) could be satellite reception in areas where the signal will not be had from the ground. In about a year, a second Astra satellite will be launched to add 18 channels to those now on the first Astra. Channel 5 could lease one channel and transmit to the homes which have bought satellite dishes to watch our programmes. We would welcome this complement to our own service and its effect in making an investment more attractive to viewers.

PEP and the paid lunch

From Dr J.M. Crossley. Sir, I am sure that Philip Chappell (letters, September 16) is right in saying that in most cases PEP (personal equity plan) charges just about balance the tax-saving of this form of investment for basic rate taxpayers. In effect, however, this means that my investments are being professionally managed free of charge, so the PEP is still worthwhile.

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UK COMPANY NEWS

Improved margins and higher overseas contribution in core areas
All-round growth lifts THF 20%

By Andrew Bolger

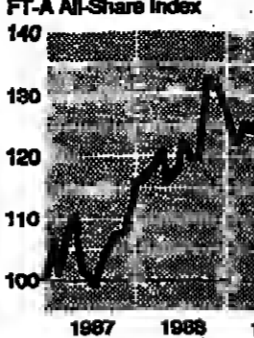
TRUSTHOUSE FORTE, the hotel and catering group, yesterday reported a 20 per cent increase in pre-tax profits to £145m in the nine months to July 31. The current financial year will have 15 months as THF shifts its year-end to January 31.

US market, upgrading and rationalisation of facilities continued. Mr Forte said the 50th Travelodge budget hotel had been opened in the summer and it was expected that 100 such hotels would be operating in the UK by the end of next year.

Disposals continue from Kennedy Brookes, the hotelier and Wheeler's restaurants chain, which THF bought for £200m in April last year. Mr Forte said that by the year-end properties worth £120m would have been sold.

Trusthouse Forte

Share price relative to the FT-A All-Share Index



1p already announced. THF said the increase in the interim dividend reflected the fact that a higher proportion of profits was now earned in the first half.

Unilever paying £31.6m for Jeyes

By Christopher Parkes, Consumer Industries Editor

UNILEVER, the Anglo-Dutch multinational, has agreed to pay £31.6m, including £3.3m of debt, for Jeyes Hygiene, an industrial cleaning products specialist.

Property sale helps Coates Brothers show 9% advance

By Peter Marsh

COATES BROTHERS, the inks and resins maker, pushed up pre-tax profits for the first half of 1989 by 9 per cent to £18.5m. The advance from £17m, on a 14 per cent rise in turnover to £190.4m (£167.3m), was partly explained by an exceptional property sale profit of £700,000.

With the developed world reeling under mountains of printed paper and packaging materials, printing inks should be a growing and profitable market. And so it is, over the longer term.

materials prices, it seems to have encountered difficulties in turning its sales and marketing operations to conditions in individual countries. This is all the more important now that the UK, after the Loriclux purchase, accounts for only one third of sales with the rest of Western Europe accounting for a further third.

Panfida in loss after goodwill

By Clay Harris

PANFIDA GROUP, the retailer which includes five-star London hotels, saw a 24 per cent increase in profits and European trade was very strong, with Paris leading in the bi-monthly year.

Adwest advances 20% to £16m

By Clay Harris

ADWEST GROUP, the diversified engineering and property company, increased pre-tax profits by 20 per cent from £13.5m to £16.2m in the year to June 30.

These declines were more than offset, however, by profits from automotive components £3.82m (£3.52m), and defence equipment £2.45m (£1.87m).

the exclusive licence granted to its Bowden Controls subsidiary to manufacture Nippon Cable Systems brake and clutch cables for supply to Japanese motor vehicles in the UK. This and the visionary move into Continental-based components production, shows the road Adwest is taking.

BSS pays £12m for heating distributor

By Andrew Hill

BSS GROUP, the distribution company, has strengthened its domestic heating equipment arm with the purchase of J&B Labone from Parkfield Group for £12.1m cash.

These sectors showed a decline in operating profits: property £3.7m (£3.8m), electrical engineering £1.94m (£2.04m), and general engineering £69.0m (£70.0m).

ARLEN, has turned to Mr Maurice Dwek for a £6.12m cash injection and additional management expertise to help it cope with the slowdown in UK housebuilding. Its main market, writes Clay Harris.

First City lifts Asda holding

By Andrew Hill

FIRST CITY FINANCIAL CORPORATION, a Vancouver-based investment company controlled by the Belzberg family, has raised its stake in Asda, the UK food retailer, to 4.97 per cent - the net position on Thursday, after various purchases and sales.

West Midlands Police set up inquiry into Eagle Trust

By Richard Tomkins, Midlands Correspondent, and Philip Coggan

WEST MIDLANDS POLICE have launched a full-scale inquiry into the affairs of Eagle Trust, the mini-conglomerate under investigation by the Serious Fraud Squad, it was announced yesterday.

MB achieves £28m in three months

By Andrew Hill

MB GROUP has published its first results since merging its worldwide packaging interests with Carmand, a French packaging giant, earlier this year.

Cambrian saga almost over

By Andrew Hill

THE LONG-RUNNING saga over Cambrian & General Securities, the investment trust which was once a vehicle for convicted US insider trader, Mr Ivan Bosky, moved closer to completion yesterday as Leucadia National Corporation announced a new increased cash offer for the outstanding shares, writes Nikki Tait.

Courtney Pope helped by lighting

By Andrew Hill

A 42 PER CENT advance in pre-tax profit for the year ended May 31 1989 was achieved by Courtney, Pope (Holdings), and the dividend is raised 21.5 per cent.

Children's Medical asset value ahead

By Andrew Hill

CHILDREN'S MEDICAL CHARITY INVESTMENT TRUST net asset value improved from 97.1p to 102.6p basic and from 97.6p to 102.2p fully diluted at the end of the six months to June 30.

F&C Pacific nav up 17%

By Andrew Hill

NET ASSETS OF F&C PACIFIC INVESTMENT TRUST increased by 17.4 per cent from 198.8p per share at January 31 1989 to 231.5p at July 31. As at July 31, the trust's net assets were £174.2m.

Bristol Channel Ship Repairers cuts losses

By Andrew Hill

BRISTOL CHANNEL SHIP REPAIRERS cut its loss from £57,000 to £29,000 in the year ended March 31 1989.

Clarkson up 61%

By Andrew Hill

HORACE CLARKSON, the shipping and business holding group, increased pre-tax profits by 61 per cent to £4.2m in the six months to June 30. Turnover rose to £13.2m (£10.3m).

Goodwin erases first-half loss

By Andrew Hill

GOODWIN, engaged in engineering and metal processing, finished the year ended April 30 1989 with a profit of £332,000, a slight improvement on the previous year's £232,000.

Citygrove higher at £3.05m

By Andrew Hill

CITYGROVE, investment and property development, reported pre-tax profits up from £2.2m to £3.05m in the six months ended May 31 on a turnover of £46.7m compared with £42.1m.

Reduced profits of £405,000 for Wills

By Andrew Hill

REDUCED pre-tax profits of £405,000 were announced by Wills Group, importer and financial services company, for the six months to June 30, compared with a previous £536,000. Turnover rose from an adjusted £12.5m to £13.9m.

ASB Barnett on a plateau at £111,000

By Andrew Hill

ASB BARNETT KINNINGS, the Third Market quoted advertising group, reported pre-tax profits of £111,000, against £109,000, for the six months to June 30 on turnover which had improved from £519,000 to £570,000.

Stylo optimistic over full year

By Andrew Hill

STYLO, the footwear retailer, is looking forward to a satisfactory year's profit provided the weather is seasonal and Christmas trade good.

Throgmorton Dual shows improvement

By Andrew Hill

FOR THE 12 MONTHS to July 31 1989 Throgmorton Dual Trust improved its net asset value: the capital share from 75.0p to 87.2p and income share from 35.2p to 38.4p.

Acquisitions lift BLP to £1.7m

By Andrew Hill

INCLUDING first-time contributions from Woodtape North American and Berg, the BLP Group showed a pre-tax profit advance from £923,000 to £1.7m in the six months to June 30.

Blackland Oil joins Third Market

By Andrew Hill

BLACKLAND OIL has joined the Third Market, sponsored by Neilson Minors. It is an onshore explorer and producer mainly in the east Midlands.

Dividends Announced

Table with columns: Company, Current payment, Date of payment, Current dividend, Total for year, Total for last year. Includes companies like Adwest, Batic, BLP, etc.

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MARKET STATISTICS

BANK RETURN table showing liabilities and assets for Wednesday September 27, 1989, with columns for amount and increase/decrease.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data with columns for Series, Vol, Last, and various dates (Oct 89, Nov 89, Dec 89).

ECONOMIC DIARY text providing a daily summary of economic events, including European Community meetings and UK budget issues.

Anglia Finance advertisement for £300,000 Floating Rate Notes Due 1996, including interest rates and agent information.

European Assets Trust advertisement, featuring a logo and text about the net asset value as of 30th September 1989.

FT-ACTUARIES SHARE INDICES

Table of FT-Actuaries Share Indices for Friday September 29, 1989, listing various equity groups and sub-sections with their respective values and indices.

Table of Fixed Interest rates and Average Gross Redemption Yields, including sections for Price Indices and various interest rate categories.

COURTNEY POPE (HOLDINGS) PLC advertisement, describing the company as a manufacturer of interior fittings and lighting products, with financial data for 1989 and 1988.

EDUCATIONAL advertisement for language courses (89-90) in French, German, Spanish, and Italian, including contact information for O.I.S.E.

ADWEST Group advertisement for 1989, featuring the slogan 'Another year of growth' and highlighting preliminary results for the year to 30th June 1989.

BOWATER INDUSTRIES PLC advertisement, detailing the issue of up to 91,000,000 7.75 per cent convertible cumulative preference shares.

CORPORATE SECURITY advertisement from the Financial Times, proposing a survey on 17th October 1989.

LEGAL NOTICES advertisement, including Northern Ireland notices and a notice in the High Court of Justice.

ADVERTISE YOUR HOUSE IN FULL COLOUR advertisement, promoting a service to advertise homes in color on Saturdays and weekends.

INTERNATIONAL COMPANIES AND FINANCE

Pirelli lifts profits 14% and aims to raise L620bn

By John Wyles in Rome

ITALY'S PIRELLI group yesterday reported a 14.3 per cent rise in its consolidated six-month net profits with an announcement of a L620bn (\$452m) capital increase.



Leopoldo Pirelli founder of the Pirelli tyre group...

that both sales and profits had shown "appreciable progress in the six months to the end of June."

Links with Spedley force ANI into the red

By Chris Sherwell

AUSTRALIAN NATIONAL Industries (ANI), the large engineering group now under the control of Mr Kerry Packer, the businessman, has plunged dramatically into the red as a result of its costly involvement with the collapsed Spedley group.

Australian banks build cross stakes

By Chris Sherwell in Sydney

THE National Australia Bank (NAB) and the Australia and New Zealand Banking (ANZ) group, the country's second and third largest commercial banks, confirmed yesterday that they had taken cross-holdings in each other, fuelling speculation about a merger.

acquired in recent weeks several share parcels in listed banks, including a package of NAB shares. He said the purchases were made as part of a portfolio investment and did not indicate any other intentions.

in all three banks. Adsteam confirmed on Thursday that it had reduced its holding of NAB shares from 14.3 per cent to 11.1 per cent, but gave no details of its ANZ stake, which was just below 10 per cent.

These projections depended on the privatisation of the Commonwealth Bank, but resistance from the ruling Labor Party and the bank employees' union frustrated any such plan. Westpac is now thought to have built up stakes in the smaller Advance and Challenge banks.

Pritzkers seek to acquire all shares in Hale

By Michael Murray

THE PRITZKER family of Chicago, owner of the Hyatt Hotel chain, intends to make a general offer to shareholders of Hong Kong-listed Hale Corporation, following a restructuring under which the Southern Pacific Hotel Corporation will effectively become a wholly-owned subsidiary of Hale.

Regulators order KLM to cut NWA investment

By Roderick Oram in New York

THE US Department of Transportation confirmed yesterday that KLM Royal Dutch Airlines would reduce its role in NWA, parent of Northwest Airlines, to allay regulators' fears that it would have too strong an influence over the US carrier.

six years, cutting BA's share to 35 per cent. In addition, BA could also sell more quickly DAL preferred stock it would hold, to reduce the stake to 21 per cent.

Bertelsmann advances by 16%

By Haig Simonian in Gütersloh

NET PROFITS at Bertelsmann, the West German-based international media group, rose by 16 per cent to DM620m (\$228m) in the year ended June, against DM522m the previous year.

Paribas boosts stake in Mixte

By William Dawkins in Paris

PARIBAS, the leading French investment bank, yesterday announced it had boosted its stake in Navigation Mixte, a French conglomerate with interests in insurance, food, champagne and banking, from 1.8 per cent to 7 per cent.

Funds snag hits AS2bn bid for IEL

By Chris Sherwell

THE A\$1.9bn (US\$1.5bn) management-led bid to take over Industrial Equity (IEL), the Australian arm of Sir Ron Brierley's business empire, has struck snags over funding.

Century City plans US development

By Michael Murray in Hong Kong

RICHFIELD International, the property and investment unit within the Lo Yuk Sui's Century City Group, has announced a US\$300m property development in Los Angeles. This will include a 500-room hotel, serving as Regal Hotels' flagship for the US west coast.

Bosch to buy US tools company

By Robert Bosch

ROBERT BOSCH, the West German automotive components and electronics group, expects to spend about \$220m acquiring Vermont American Corporation of Louisville, Kentucky, which makes electronic machine tools, writes David Goodhart in Bonn.

Correction Bond Corp Intl

BOND Corporation International made net attributable profits of HK\$1.93bn for the year ended June 1989. The figure was wrongly given as HK\$1,935.6m yesterday.

Correction

The Pritzker family trust will exercise a put option requiring Hale to acquire its 33 per cent holding in the hotel group for HK\$960m (US\$110m). Payment will be in cash, promissory notes and an issue of new Hale shares.

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BA's 21 per cent stake in NWA, parent of Northwest Airlines, to allay regulators' fears that it would have too strong an influence over the US carrier.

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The Crown Hill site in Los Angeles was acquired for \$24m in 1982. The project will also feature residential, office and retail facilities, with the first phase scheduled to be completed by 1992.

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WORLD COMMODITIES PRICES

Table with multiple columns: LONDON METAL EXCHANGE, US MARKETS, Chicago, SOYABEAN MEAL, COPPER, SUGAR, WHEAT, LIVE CATTLE, LIVE HOGS, PORK BELT, etc. Includes various price listings and market data.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak but pound holds

CURRENCY TRADING ended the week on a confused note. Central banks continued to try and trim investors away from the dollar by repeated intervention...

ended in the D-Mark. This in turn put pressure on other European currencies but none more so than sterling, already suffering a crisis of confidence after a string of disappointing UK economic data.

compared with SFY1.6815. On Bank of England figures, the dollar's exchange rate index fell to 69.5 from 69.9.

2 IN NEW YORK

Table with 2 columns: Instrument, Price. Includes 1-month, 3-month, 6-month, 12-month rates.

STERLING INDEX

Table with 2 columns: Instrument, Price. Includes 1-month, 3-month, 6-month, 12-month rates.

CURRENCY RATES

Table with 4 columns: Country, Rate, % Change, % Change. Lists various countries and their exchange rates.

CURRENCY MOVEMENTS

Table with 4 columns: Country, Rate, % Change, % Change. Lists various countries and their exchange rates.

OTHER CURRENCIES

Table with 4 columns: Country, Rate, % Change, % Change. Lists various countries and their exchange rates.

FORWARD RATES AGAINST STERLING

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their forward rates.

FT LONDON INTERBANK FIXING

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their interbank fixing rates.

MONEY RATES

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their money rates.

LONDON MONEY RATES

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their London money rates.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their dollar spot-forward rates.

POUND SPOT-FORWARD AGAINST THE POUND

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their pound spot-forward rates.

EUROPEAN CURRENCY UNIT RATES

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their European currency unit rates.

EURO-CURRENCY INTEREST RATES

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their Euro-currency interest rates.

EXCHANGE CROSS RATES

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their exchange cross rates.

LEFTY LONG CALL FUTURES OPTIONS

Table with 4 columns: Instrument, Rate, % Change, % Change. Lists various instruments and their lefty long call futures options.

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COMPANY NEWS DIGEST

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MONEY MARKETS

UK rates firm

THE BANK OF ENGLAND'S decision yesterday to leave base rates unchanged managed to bring some stability into a money market that had spent the morning in a state of uncertainty.

UK clearing bank has limiting rate

UK clearing bank has limiting rate 14 per cent from May 24

authorities held their nerve

Discount houses accepted sales totalling £743m of bills to take out much of the day's shortage at rates of 13-13 1/2 per cent but were less inclined to swallow their obligation to bid for Treasury bills at the weekly tender.

Three-month interbank money

Three-month interbank money finished at 14-14 1/2 per cent but touched 15 per cent during the day, well up from Thursday's close of 14-14 1/2 per cent.

LONDON TRADED OPTIONS

THE LONDON traded options market had another busy day as the FT-SE 100 September index option and the FT-SE 100 September futures contract both expired last Thursday.

expiry of the FT-SE option

After the expiry, volume slumped as rumours circulated around the market that at midday interest rates would rise to 15 per cent from 14 per cent to defend the pound.

over 988 lots

BP was also active, reflecting lively business in the underlying security, as oil prices rallied. It turned over 3,251 contracts, of which 2,011 were calls and 1,250 puts.

IN THE first half of 1989

Epure Industries increased profits substantially, made two acquisitions, developed its strategy by disposing of non-core businesses, and established itself in niche markets which have growth potential.

Community Hosptls beats forecast

In the year ended June 30 1989, Community Hospitals Group beat its profit forecast by just over 4 per cent. The shares were offered for sale in June.

Frogmore dips to £30m but assets rise

Frogmore Estates, the property investment and trading group, announced pre-tax profits of £30.37m in the 12 months to June 30.

Richards tops £570,000 midway

Richards Group made pre-tax profits of £573,000 in the first half of 1989. The result compared with £20,000 last time and exceeded the £568,000 achieved in the whole of 1988.

Books

THE WEEKEND FT publishes a books page every week and proposes to publish a Business Books Report on 2nd September.

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Epicure advances to £1.55m

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Rathbone Brothers 25% ahead to £1m

Rathbone Brothers, the USM-quoted financial services group formerly known as Comprehensive Financial Services, lifted pre-tax profits by 25 per cent from a restated £848,000 to £1.06m in the first half of 1989.

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

WORLD STOCK MARKETS

AMERICA

Dow continues to climb in light trade

Wall Street

EQUITIES moved higher after buyers drew encouragement from the relatively strong performance of the day before, writes James Buchan in New York.

By 1.30 pm, the Dow Jones Industrial Average was up 12.73 points at 2,707.64. Volume was on the light side, with little more than 90m shares changing hands in the morning session.

Other financial markets were subdued. On the foreign exchanges, where the US dollar has been under assault all week from an international central bank campaign to drive its exchange value down, a certain calm reigned. By the mid-

dle of the day, the dollar was at Y138.45 and DM187.15, about a yen and a penny respectively down from late Thursday's rates in New York.

In the credit markets, investors were little impressed by a report from the Commerce Department that leading economic indicators had risen 0.3 per cent. The rise was in the middle of economists' forecasts and seemed further confirmation that the US economy is still growing at an appreciable rate and is unlikely to require the stimulus of lower interest rates.

None the less, long-dated maturities rose modestly with the Treasury 8.125 per cent of 2019 up 1/4 of a point to yield 8.397 per cent.

The most heavy trading in the stock market was in Harcourt Brace Jovanovich, which announced it had sold its theme park business for \$2.1bn after trading closed on Thursday. The proceeds were a severe disappointment to the bulls who believed Harcourt Brace would raise up to \$1.75bn from the deal and the stock fell precipitately. By mid-session, Harcourt Brace was \$12 1/2, down 4 1/2, as investors dumped more than 2m shares hurriedly.

Elsewhere, the stock market remained dominated by the disappointment delivered by IBM on Wednesday, when it said stockbrokers' forecasts for its 1989 profits were too high. IBM itself stabilised yesterday, up 1/4 at \$109 1/2, but the market remains deeply worried about the outlook for profits

from capital goods companies. In reaction, investors continued to take refuge in companies with profits considered predictable, above all Philip Morris, which rose 1 1/2 to \$165 1/4, and Coca-Cola, up 1/4 to \$58 1/2. These stocks have reassumed the leadership they enjoyed earlier in the summer.

Among other blue chips heavily traded, General Electric rose 1/2 to \$67 1/2 and McDonald's fell 3/4 to \$30 1/2.

Drug stocks, traditionally regarded as a safe haven at times of doubtful economic outlook, did well, except for Merck, which had risen strongly on Thursday and fell 3/4 to \$75 1/2. Bristol-Myers was up 1/4 at \$68 in response to reports that the Food and Drug Administration plans to allow

distribution of its experimental AIDS drug, Squibb, which is merging with Bristol, rose 1/4 to \$129 1/2 and SmithKline Beecham US traded units were up 3/4 at \$39 1/2.

Campbell Soup rose \$2 to \$48 1/2 on moderate volume after one stockbroker recommended the company.

Canada REVIVED activity after a slow start led to Toronto stocks rising in moderate trade by mid-day. The composite index rose 1.7 to 3,944.4 on volume of 17m shares. Advances led declines by 236 to 205.

Laidlaw fell 3 1/2 to C\$22 1/2 in heavy trade. It has shown recent strength because of its waste management division.

Turnover continued to improve, rising to HK\$1.1bn from Thursday's HK\$961m. SINGAPORE had another fairly quiet session, with early gains being trimmed by profit-taking. The Straits Times Industrial index added 8.78 to 1,376.18 - 1.3 per cent down on the previous Friday's level.

There was some foreign interest, while takeover speculation breathed some life into the retail sector.

SEOUL rose strongly again as confidence flowed back into the market. The composite index gained 11.49 to 943.44.

TAIPEI tumbled further after Thursday's holiday, with the weighted index losing 124.92 points to 10,364.84. The decline has followed the announcement of measures, introduced yesterday, which prevent the publication of the number of outstanding orders for stocks which move by the daily limit.

MANILA survived a round of selling after news of the death of former President Ferdinand Marcos. The composite index eased 2.04 to 1,145.90.

SOUTH AFRICA GOLD shares closed mixed to stable in Johannesburg, which drifted lower on a lack of fresh stimulus, as the halloon price eased after an early rally.

The SIP issue was bad news yesterday for STET, the holding company which owns over 60 per cent of it. Despite good news from Amsterdam, STET tumbled 1.78 to 1,459.00 while SIP slid 1.00 to 1,339.00.

MADRID kept to its downward path, as profit-taking continued. The general index lost 0.86 to 325.50, little changed since the previous Friday. Construction stocks made the steepest losses, with Asimac off 1.1 percentage points at 1,201 per cent of par and Dragados down 2.51 at 677.

STOCKHOLM continued to climb, as the bearish sentiment of recent weeks gave way to new optimism.

The Affärsvärlden general index closed at 1,255.1, up 0.4 - and 0.8 per cent on the week.

Telecommunications company Ericsson led blue chips, its free B shares rising SKR72 to SKR159.

Car maker Saab-Scania, facing heavy losses and lay-offs in its car division, once again had the day's largest turnover with SKR30m worth of shares. The shares fell SKR2 to close at SKR298.

HELSINKI closed sharply higher, but dealers warned that the improvement was only temporary. The Unitas all-share index rose 14.3 points to close at 697.0, a fall of \$4 per cent on the week.

ASIA PACIFIC

Cautious profit-taking triggers Nikkei slip

Tokyo

EQUITIES were undermined by profit-taking and increasing caution yesterday, after an initial attempt to retain their buoyant tone, writes Michiko Nakamoto in Tokyo.

To begin with, the Nikkei average was supported by the rising yen, posting a high for the day of 25,778.03. However, a suspicion that share prices had risen too quickly triggered profit-taking and the Nikkei closed 53.22 lower at 25,696.76 - a rise over the week of 2.5 per cent. The day's low was 25,587.27.

Advances, none the less, led declines by 564 to 410 while 154 issues were unchanged. Turnover fell to 948m shares from the 1,030m traded on Thursday.

The Tokyo index of all listed shares gained 8.04 to another record of 2,702.22. In London, the FTSE/Nikkei 50 index rose 2.53 to 2,603.91.

There were opposing influences on sentiment at politico-economic level. The yen continued to firm against the dol-

lar, and fears of further rises in interest rates appeared to be receding. Against that, a by-election for a seat in the Upper House of the Diet threatened a loss for the ruling Liberal Democratic Party (LDP), although some experts felt that an LDP loss had already been discounted.

Meanwhile, the rise in the Tokyo index indicated that interest was still quite strong in specific issues. The move to buy small to medium-sized companies with good earnings and relatively low prices continued, with railways featuring.

Tokyo Corp, the railway company which belongs to the Tokyo group of companies, was actively traded as investors kept up their guessing game as to whether or not shares in some group companies were being accumulated by a speculator. Tokyo Corp's volume list with 15.2m shares, and gained Y40 to Y1,900.

Hankyu Corp, a railway company based in western Japan, advanced Y60 to Y1,440 in

active trading on the strength of the company's land holdings.

Odakyu Electric Railway, which runs a highly profitable line between a central part of Tokyo and a popular, nearby mountain resort, was third in volume with 12m shares and firmed Y60 to Y1,800. Odakyu was also popular on the strength of its low price and a new commuter line which it plans to set up.

Trading in Osaka brought railways and real estate companies into the spotlight, while profit-taking hit the recently popular mechanical engineers and pharmaceuticals. The OSE average advanced 80.09 to 36,176.52 but volume receded to 110m shares from the 112m traded on Thursday.

LEADING Asia Pacific markets advanced, with Sydney leading the way as the Australian dollar declined.

AUSTRALIA was encouraged by a weaker local dollar and by further activity in the

banking sector. The All Ordinaries index gained 15.5 to 1,735.7, a rise of 1.7 per cent over the week.

Positioning at the end of the month and the expiry of options pushed turnover to 179m shares worth A\$649m.

National Australia Bank (NAB) rose 2 cents to A\$5.84 as Lim shares changed hands, while ANZ gained 2 cents to A\$5.60 on 1.6m shares. The two banks said that they had been buying shares in each other, fueling merger speculation.

Westpac Banking picked up 4 cents to A\$5.50 on an active 7.6m shares.

IEL, the Australian arm of Sir Ron Brerley's business, rose 2 cents to A\$2.27 on turnover of 8.9m shares after announcing a sixfold rise in after-tax operating profits.

HONG KONG hung on to the previous day's gains, closing slightly higher. The Hang Seng index rose 2.53 to 2,758.28, after profit-taking and caution before China's National Day tomorrow eroded strong early gains. The rise on the week was 1.9 per cent.

EUROPE

Interest rate fears predominate

INTEREST rate worries seemed uppermost yesterday, as the Continental week drew to a subdued close, writes Our Markets Staff.

PARIS set up of early gains and dropped substantially in early active trading as interest rate fears loomed.

Thursday's rise had been rather too fast, said an analyst. "The equity market finally took notice of the bad outlook for the bond market."

He added that selling by mutual funds had increased the pace of the decline. The CAC 40 index lost 8.03 to 228.25 - a decline of 0.9 per cent on the week.

Most of the big movers were speculative stocks, with Exor up FFR73 to FFR1,785, Bou Marché - FFR11 - higher at FFR1,076 and Eurochemie falling FFR130 to FFR3,971.

Paribas gained FFR2 to FFR520 on the strength of its good results and a rise in its stake in Navigation France, the French holding company, to 7 per cent. Miris, which plans a press conference for Monday, remained suspended.

The opening CAC General index, reflecting the positive Thursday session, reached its third successive all-time high, rising 3.2 to 567.3. Turnover was estimated at FFR1m.

FRANKFURT took its fourth consecutive decline of the week as dealers stopped talking about whether the Bundesbank will increase key interest rates at next week's

meeting - and argued about what the increase will be.

The FAZ index fell 15.08 to 682.24, down 2.5 per cent on the week. Volume slipped again, from DM3.8bn to DM3.6bn, and the DAX index finished 11.38 lower at 1,574.87, a drop of 3.3 per cent from the previous Friday's close.

Analysts said that West German equities are very vulnerable to interest rate increases; a weak equity investment culture means that a sudden increase in the yield gap can drastically reduce investment managers.

There was also the worry that Deutscher might choose next week to raise the benchmark rate, on which to launch its long expected rights issue.

"History is full of amazingly ham-fisted rights issue announcements in this market," said one commentator.

ZURICH declined further under the weight of interest rate fears, which were reinforced by a slight rise in short-term rates. The Credit Suisse index slipped 0.5 to 643.4, a 2 per cent fall over the week.

Bearers of insurer Swiss Re

and a 1.27 trillion call from the telecommunications company, SIP.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY SEPTEMBER 28 1989, WEDNESDAY SEPTEMBER 27 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. UK, World Ex. USA, World Ex. Japan, World Index.

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Dutch bourse shrugs off uncertainty over politics

Buoyant fundamentals and US gains have pushed the market higher this year, writes Laura Raun

DUTCH traders throughout the century have never liked politics to get in the way of business, and now is no exception. The Amsterdam Stock Exchange is shrugging off political uncertainty surrounding the formation of a centre-left coalition Government in The Hague, and ambulating along happily, albeit sideways.

The fundamentals are buoyant: economic growth is booming, corporate profits are soaring, world trade is flourishing, the dollar has been strong and institutional investors are increasing their equity holdings. Propelled by New York, the Dutch market has climbed about 25 per cent since the beginning of the year, with the CBS General Share Index surging to a record high of 210.5 on September 8.

This week, investors took up the second tranche of DSM, the Dutch chemicals company which is being privatised in stages. The offer of 12m shares at F125 each was four times over-subscribed and raised a record F1.5bn for state coffers - the largest bonanza flotation and the biggest privatisation in Dutch history.

However, there was less excitement this time than with the initial offering in January. The second offer price compared with about F127 at the beginning of this week, leaving potential shareholders little to go for, and only 70,000 private investors applied for the shares.

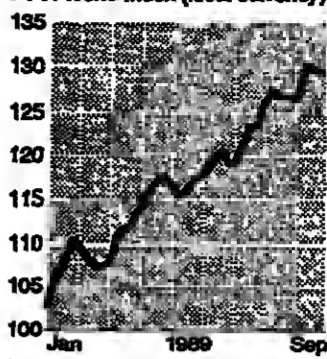
When the first tranche of 12m shares was priced at F120 at the beginning of this year, there was no market price as a benchmark - and more of a gamble in making an application. That offer was five times over-subscribed, with 100,000 private investors coming into the lists.

There is also some concern about DSM's vulnerability to a cyclical downturn in the chemicals industry. Some traders believed that the share price would have fallen without support from Amsterdam-Rotterdam Bank, the global co-ordinator for the issue.

Now investors are being primed for the expected flotation of 35 per cent of NMB/

Netherlands

FT-A World Index (local currency)



SHARE prices in Amsterdam closed slightly lower in slack trade yesterday, the CBS Tendancy index shedding 0.3 to 195.2 for a fall of 1.6 per cent on the week.

Dealers said that a combination of high rates on the Dutch money market, worries over a possible rise in German interest rates and uncertainty over the course of the dollar - important to the earnings prospects of Netherlands-based international groups such as Royal Dutch - had combined to depress the market.

DSM fell F1.50 to F125.20, virtually back to the F125 offer price for this week's privatisation issue. Royal Dutch, also influenced by the London market, eased 40 cents to F143.90 and Unilever closed 90 cents lower at F153.60.

Postbank, the newly-merged bank which is expected to be floated in November and is priced at about F155 a share. About F1.1bn will be raised for the Dutch Government through an international equity offer which NMB hopes to lead itself.

NMB, which is the third largest commercial bank in the Netherlands and which, traditionally, has catered for the small business, will officially merge with Postbank, the state-owned bank, on October 4. The Government will end up with 53.5 per cent of the new bank but will immediately

place 4.5 per cent with institutional investors.

About half of the remaining 49 per cent will then be privatised. The big challenge for NMB/Postbank is to weave together NMB's innovative style (it has catapulted itself into a world leader in debt trading) with that of a bank which until a few years ago was virtually a state agency.

In general, some market observers are wondering whether Amsterdam is topping out, but few players, if any, are selling aggressively, preferring to take a wait-and-see attitude on considerations such as interest rates, where fears of an increase are probably more important than the current political uncertainty.

By 1990, the market could resume its upward path and outpace the world average - thanks to continued growth in corporate profits, a strong dollar and sound economic expansion, according to Goldman Sachs.

Mr Fred Vergunst, chief securities analyst at Pierson, Helling and Pierson, believes that three threats loom: the possibility of rising interest rates, slowing profits growth and a weaker dollar. He believes that profits will increase by about 10 per cent in 1990, decelerating from growth of 15 to 20 per cent over the past couple of years.

Investors seem equally satisfied with the prospect of a new centre-left coalition Government between the Christian Democrats - Prime Minister Ruud Lubbers' party - and the Socialists, or a centre-right one between the Christian Democrats and Liberals. What matters most is that Mr Lubbers continues as prime minister, and that is virtually assured because his party remained the biggest in Parliament in the recent elections.

Fiscal policy under a Christian Democrat-Socialist coalition would differ little from that of Mr Lubbers' last Government, according to the majority view in the market. But the minority view holds that budget discipline will crumble under such a coalition.

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LONDON STOCK EXCHANGE Dealings

Details of business done show below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Shares Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talliesman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date. The relevant stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

Corporation and County Stocks

Greater London Council 8 1/2% Deb 90/92 - 230
Birmingham Corp 3 1/2% (1994) after - 220 (225/89)

UK Public Bonds

Agri-Food Ministry PLC 6 1/2% Deb 89/90 - 234 (225/89)
7 1/2% Deb 89/90 - 234 (225/89)
10% Deb 89/90 - 234 (225/89)

Foreign Stocks, Bonds, etc (coupons payable in London)

Hungary Republic 0 7/8% Deb 89/90/92 - 198 (198/89)
R.D. De Javerio 5 1/2% Deb 89/90 - 220 (225/89)

Banks and Discount Companies

Amesbury Henry Hedges PLC 6 1/2% Deb 89/90 - 234 (225/89)
Australia and New Zealand Banking Group Ltd 10% Deb 89/90 - 234 (225/89)

UK Public Bonds

Agri-Food Ministry PLC 6 1/2% Deb 89/90 - 234 (225/89)
7 1/2% Deb 89/90 - 234 (225/89)
10% Deb 89/90 - 234 (225/89)

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Hungary Republic 0 7/8% Deb 89/90/92 - 198 (198/89)
R.D. De Javerio 5 1/2% Deb 89/90 - 220 (225/89)

Bentley PLC 6 1/2% Deb 89/90 - 234 (225/89)
British Airways PLC 7 1/2% Deb 89/90 - 234 (225/89)

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Hungary Republic 0 7/8% Deb 89/90/92 - 198 (198/89)
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R.D. De Javerio 5 1/2% Deb 89/90 - 220 (225/89)

The Third Market Appendix

Table listing securities traded on the third market, including company names and prices.

Plantations

Table listing plantation companies and their securities.

Shipping

Table listing shipping companies and their securities.

Utilities

Table listing utility companies and their securities.

Water Works

Table listing water works companies and their securities.

Mines - Miscellaneous

Table listing miscellaneous mining companies and their securities.

Mines - South African

Table listing South African mining companies and their securities.

Mines - Other

Table listing other mining companies and their securities.

Oil

Table listing oil companies and their securities.

Property

Table listing property companies and their securities.

Insurance

Table listing insurance companies and their securities.

Investment

Table listing investment companies and their securities.

DISTRIBUTION SERVICES

The Financial Times proposes to publish this Survey on

17 OCTOBER 1989

For a full editorial synopsis and advertisement details, please contact:

NEVILLE WOODCOCK on 01-873 3365 or write to him at:

Number One, Southwark Bridge London SE1 9HL

FINANCIAL TIMES SURVEY BUSINESS NEWS

BOTSWANA

The Financial Times proposes to publish this survey on

28 SEPTEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

SARAH PAKENHAM WALSH on 01-873 3338 or write to her at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES SURVEY BUSINESS NEWS

LONDON STOCK EXCHANGE

Third quarter closes firmly for shares

THE UK stock market ended the third quarter of the trading year in good form yesterday, it said safely through the potentially turbulent expiry session in the London futures and options markets and, buoyed by the vigorous defence mounted by the central banks for sterling, moved higher as trading for the next equity account period got under way in late dealings.

Equity turnover increased as the session progressed, and a return of speculative interest was regarded by some analysts as an indication of renewed optimism in the sector. The Footsie index, although in negative territory for most of the day, advanced towards the end of the session and closed only just short of the 2,300 mark abandoned so abruptly on Thursday. At its final reading of 2,295.4, the FT-SE index was 7.7 up at the day's best level.

East, equities opened lower and extended their losses in nervous trading, with dealers shying away from an initial rise in London three-month money rates. The stock market grew increasingly apprehensive as 12.30pm - the likely time for the Bank of England to signal a base rate increase - grew closer.

However, as first the Footsie Futures and Options expiration passed off safely, and then the Bank left lending rates unchanged, share prices began to rally. After 3.30pm, when business opened for the new equity account, prices improved in higher turnover. The end of the old account

also marked the end of the third quarter, so that the late uptick indicated hopes in the market that fund managers will take an optimistic stance in the final quarter of the year. Many managers enjoyed successful business in the third quarter, when the FT-SE index added 6.9 per cent (See chart). Few wanted to sell stock this week, when the market first trembled and then fell sharply, with the FT-SE still below 2,300, pressures buying opportunities.

FINANCIAL TIMES STOCK INDICES table with columns for Government Bonds, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, and S.E. ACTIVITY.

S.E. ACTIVITY table showing indices for Gilt Edged Bargains, Equity Value, 5-Day average, Gilt Edged Bargains High, Equity Bargains, and SE Activity 1974-1989.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including Astra, BHP, British Airways, British Petroleum, British Telecom, British Water, British Airways, British Petroleum, British Telecom, British Water, British Airways, British Petroleum, British Telecom, British Water.

Pearl in the frame

Recent buying of composite insurers, inspired by takeover talk, switched to the life assurance arena where Pearl Assurance shares advanced strongly on talk of an imminent takeover bid.

The Pearl share price raced up to touch 53p during the morning, on sustained buying triggered by reports that Australian Mutual Provident (AMP), the Australian mutual group, had increased its lines of available credit. At the close Pearl shares were 52p, up 4p with turnover coming out at a rather disappointing 1.5m shares.

The Australian group bought the 15 per cent stake previously held by fellow-Australian company FAL run by Mr Rodney Adler, some months ago, thereby increasing its stake to round 18 per cent. Talk in the market was that AMP was about to launch an outright offer in the region of 60p a share for Pearl. But, as with the recent takeover speculation in composites, dealers and analysts were sceptical.

GrandMet converts

An initial fall in Grand Metropolitan shares was largely recovered later in the day when the market took note of a new technical factor which takes effect next week. When GrandMet bought Fibreway last October, it made one conversion right issue in the form of convertible loan stock. That issue is converted into shares today, September 30. A total of 125m new shares will exist on Monday, effectively the result of the rights issue.

How the market has moved



3rd. Quarter. 1989 to date

Wellcome wanted

A substantial lead to yesterday's rally in equities came from Wellcome after reports of another valuable potential market for Retrovir, its anti-Aids drug. The British Medical Journal has disclosed that research tests in Holland show that AZT, the technical name for Retrovir, may prevent Aids-related dementia, which afflicts many of those suffering from acquired immune deficiency syndrome.

The shares put on 19 to 56p on turnover of 2.3m shares. After rising strongly since its acceptance by the US regulatory authorities - and the board's move to cut the Retrovir price, Wellcome shares received a further boost earlier this week from reports of problems with a rival anti-Aids product from Bristol-Myers. However, the shares show little change on the week after surging in Thursday's shakeout in the London equity market.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors like Chemicals, Food, Textiles, etc.

LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 for various sectors like Agencies, Food Manufacturing, Health & Household Products, etc.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds with columns for Coupon, Red Date, Price, Change, Yield, Week ago, Month ago.

RISES AND FALLS

Table showing rises and falls for various sectors like British Funds, Corps. Dom. & Foreign Bonds, Industrials, etc.

COMMODITIES

WEEK IN THE MARKETS Ivorian price cut sends cocoa lower

COMMODITIES

COCOA PRICES fell to 4-month lows on the London Futures and Options Exchange (Fro) yesterday after the Ivory Coast, the world's biggest producer, announced that it was again cutting the price it paid to its growers.

The move, which is expected to result in Ivorian cocoa being supplied more freely to the market, sent the December futures price down to 2730 a tonne at one point. Prices recovered later, but the December position still ended down 234 on the day and 550 on the week at 2740 a tonne.

For the 1989-90 season the guarantee price to Ivorian cocoa farmers will be 200 CFA francs (38.5p) a kilogram, down from 225 for the 1988-89 mid-crop and 240 for the last main crop. If collection and export costs remain unchanged, the total cost will be between 2500 and 2700 a tonne, one London trader calculated yesterday, making the Ivory Coast the cheapest producer.

COMMODITIES

COFFEE prices fell to 4-month lows on the London Futures and Options Exchange (Fro) yesterday after the Ivory Coast, the world's biggest producer, announced that it was again cutting the price it paid to its growers.

COMMODITIES

THE COFFEE market had a quiet week as traders waited in vain for definite news from the International Coffee Organisation meeting that began in London on Monday.

On the one hand the market has been encouraged by vague pronouncements from the US administration about working for the reactivation of the Coffee Agreement as part of its war with the drug barons. But on the other, it has been depressed by the undisguised lack of enthusiasm for the pact displayed by Brazil, the world's biggest producer by far.

Mr Mario Damster, president of the Brazilian Coffee Institute, did not even bother to attend the first week of the meeting. He led the Brazilian delegation from Monday, but before his departure yesterday he made it clear that his stance would be even tougher than at the failed talks which preceded the suspension of the ICO export quota system in July.

COMMODITIES

ALUMINIUM also began on a weak note, but concern about a stoppage caused by hurricane damage at Alcoa's Mount Holly smelter in South Carolina helped to reverse the trend. By last night's close the cash price was up \$3.50 on the week at \$1,764 a tonne.

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CHANGES AT WELLCOME COMPANY

Mr Philip R. Tracey has joined the board of Wellcome. Mr Tracey was appointed executive vice president of Burroughs Wellcome Co, Wellcome's US subsidiary, on May 1, and will succeed Mr T.E. Baigier as president and chief executive officer upon Mr Haigler's retirement on November 1. Dr David W. Barry has also joined the board. He was appointed to the position of vice president of research, development and medical of Burroughs Wellcome Co on September 1 following the retirement of Dr Howard Schaeffer.

CHANGES AT WELLCOME COMPANY

Mr Hugh Sykes has become executive chairman of NEPESEND. He was formerly chairman of Thermal Scientific and Technical Component Industries and is currently chairman of the Sheffield Development Corporation.

CHANGES AT WELLCOME COMPANY

On October 1 Mr George Yonker, MP, will join the boards of the ROYAL BANK OF SCOTLAND GROUP and its largest operating division, the Royal Bank of Scotland. At the same time Mr Jimmy James is retiring from the board of the Royal Bank of Scotland, but will remain a director of the Royal Bank of Scotland Group.

CHANGES AT WELLCOME COMPANY

Mr Brian Dawson becomes actuary of COMMERCIAL UNION EUROPE & OVERSEAS. He retains his responsibilities as life manager of the British & European

CHANGES AT WELLCOME COMPANY

Mr David Balton has become group financial director at WEAVER HOLDINGS. Mr Douglas Page has been appointed managing director of Weaver Construction. He was previously surveying director.

CHANGES AT WELLCOME COMPANY

NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Mr Kevin James Wilford as director of N&P Financial Services with responsibility for consumer credit. He was finance director at Diners Club.

CHANGES AT WELLCOME COMPANY

Mr Robin Harwood has joined ABE CALL CELLULAR, part of Air Call Communications, as sales director. He was an international sales manager with BT International Networks.

CHANGES AT WELLCOME COMPANY

Mr David K. Athill is joining SALVATORE FERRAGAMO SPA as director of European business development. He is European managing director at Batus Retail.

CHANGES AT WELLCOME COMPANY

Mr John Warwick has been appointed sales director of SOUND ATTENUATORS INDUSTRIAL, part of the Salex Group.

CHANGES AT WELLCOME COMPANY

Mr George Gwill, Dr Tom Johnston and Mr David Stevenson have been made non-executive directors of HODGSON MARTIN from October 1. Ms Lindsay Boyd

CHANGES AT WELLCOME COMPANY

Mr Richard Mooney

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FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-928-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for name, price, and other details.

Table listing unit trusts such as Aberdeen Growth, Aberdeen Income, Aberdeen Property, etc., with columns for name, price, and other details.

Table listing unit trusts such as AEGON Unit Trust, AEGON Growth, AEGON Income, etc., with columns for name, price, and other details.

Table listing unit trusts such as Alliance Unit Trust, Alliance Growth, Alliance Income, etc., with columns for name, price, and other details.

Table listing unit trusts such as Alliance Property, Alliance Divers, etc., with columns for name, price, and other details.

Table listing unit trusts such as Alliance Divers, Alliance Property, etc., with columns for name, price, and other details.

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GUIDE TO UNIT TRUST PRICING. Includes sections for UNIT TRUST PRICING, UNIT TRUST PRICES, and UNIT TRUST PRICES. Explains how prices are determined and how to interpret the data.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as Biffa Group, British Airways, and others, with their respective prices and yields.

INSURANCES

Table listing insurance-related unit trusts and their details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for Offshore and Overseas, Management Services, Luxembourg, Jersey, and Guernsey.

FT UNIT

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Table of London Share Service, listing various funds and shares with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'BRITISH FUNDS', 'BRITISH FUNDS - Cont'd', 'LOANS', 'FOREIGN BONDS & RAILS', 'AMERICANS', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'Money Market Bank Accounts'.

Money Market Trust Funds

UNIT TRUST NOTES
Prices are in pence unless otherwise stated and three decimal places are given for all prices. All prices are shown as at the close of business on the date shown. All prices are subject to change without notice.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

AMERICANS - Contd

Table listing American companies such as Ford Motor, General Electric, and IBM, with columns for stock price, bid, offer, and other financial metrics.

CANADIANS

Table listing Canadian companies such as Alcan, Inco, and Northern Telecom, with columns for stock price, bid, offer, and other financial metrics.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Citicorp, Citicorp Bank, and Finance Trust, with columns for stock price, bid, offer, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Heineken, Carlsberg, and Heublein, with columns for stock price, bid, offer, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bechtel, Fluor, and Parsons, with columns for stock price, bid, offer, and other financial metrics.

BUILDING, TIMBER, ROADS Contd

Continuation of the Building, Timber, Roads section, listing companies like Bovis Lend Lease and Hochtief, with columns for stock price, bid, offer, and other financial metrics.

DRAPERY AND STORES - Contd

Continuation of the Drapery and Stores section, listing companies like Debenhams and Next, with columns for stock price, bid, offer, and other financial metrics.

ELECTRICALS

Table listing electrical and electronics companies such as Amperex, Philips, and Philips Electronics, with columns for stock price, bid, offer, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI, Shell Chemicals, and Hoechst, with columns for stock price, bid, offer, and other financial metrics.

DRAPERY AND STORES - Contd

Continuation of the Drapery and Stores section, listing companies like Debenhams and Next, with columns for stock price, bid, offer, and other financial metrics.

ELECTRICALS

Table listing electrical and electronics companies such as Amperex, Philips, and Philips Electronics, with columns for stock price, bid, offer, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and retail companies such as Debenhams, Next, and Primark, with columns for stock price, bid, offer, and other financial metrics.

ENGINEERING - Contd

Continuation of the Engineering section, listing companies like BAE Systems and British Aerospace, with columns for stock price, bid, offer, and other financial metrics.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Unilever, Nestle, and Borden, with columns for stock price, bid, offer, and other financial metrics.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Intercontinental Hotels and Travelodge, with columns for stock price, bid, offer, and other financial metrics.

INDUSTRIALS (Miscel.)

Table listing various industrial companies such as British Steel, British Airways, and British Petroleum, with columns for stock price, bid, offer, and other financial metrics.

INDUSTRIALS (Miscel.) - Contd

Continuation of the Industrials (Miscel.) section, listing companies like British Steel and British Airways, with columns for stock price, bid, offer, and other financial metrics.

INDUSTRIALS (Miscel.) - Contd

Continuation of the Industrials (Miscel.) section, listing companies like British Steel and British Airways, with columns for stock price, bid, offer, and other financial metrics.

INDUSTRIALS (Miscel.) - Contd

Continuation of the Industrials (Miscel.) section, listing companies like British Steel and British Airways, with columns for stock price, bid, offer, and other financial metrics.

INSURANCES

Table listing insurance companies such as Prudential, Sun Life, and Royal Indemnity, with columns for stock price, bid, offer, and other financial metrics.

LONDON SHARE SERVICE

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LEISURE

Table of share prices for Leisure sector including companies like Leisure Group, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising sector including companies like Newsprint, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like Trusts, Finance, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Oil, Gas, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like Motors, Aircraft, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, etc.

TOBACCO

Table of share prices for Tobacco sector including companies like Tobacco, etc.

TRANSPORT

Table of share prices for Transport sector including companies like Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Third Market, etc.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles sector including companies like Commercial, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Trusts, Finance, etc.

INVESTMENT TRUSTS

Table of share prices for Investment Trusts sector including companies like Investment, etc.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc sector including companies like Finance, Land, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

TEAS

Table of share prices for Teas sector including companies like Teas, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like Newspapers, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like South Africans, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Oil, Gas, etc.

DIAMOND AND PLATINUM

Table of share prices for Diamond and Platinum sector including companies like Diamond, etc.

REGIONAL AND IRISH STOCKS

Table of share prices for Regional and Irish Stocks sector including companies like Regional, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising sector including companies like Paper, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Trusts, Finance, etc.

FINANCE

Table of share prices for Finance sector including companies like Finance, etc.

AUSTRALIANS

Table of share prices for Australians sector including companies like Australians, etc.

IRISH

Table of share prices for Irish sector including companies like Irish, etc.

Stock Exchange dealing classifications are indicated to the right. Units are in pence unless otherwise stated. Dividends are in pence and denominated as 25p. Estimated price/earnings ratios and other ratios are based on latest available figures. Where possible, these are based on half-yearly figures. P/E ratios are calculated on a 'net' distribution basis, earnings per share calculated on the basis of the number of shares in issue. Dividends are based on 'interim' distributions, which comprise any dividend costs per share after taxation, excluding exceptional profits/losses but including estimated tax at the rate of 25 per cent on all other items. Dividends are based on the latest available figures. Dividends are based on the latest available figures. Dividends are based on the latest available figures.

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FINANCIAL TIMES

Weekend September 30/October 1 1989

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China reasserts right to station its troops in Hong Kong after 1997

By Robert Mauthner, Diplomatic Correspondent

BRITAIN AND China yesterday failed to resolve their differences over the future of Hong Kong, after Peking had reasserted its sovereign right to station troops there once Britain hands it back in 1997.

At a three-day meeting of the Anglo-Chinese Joint Liaison Group on Hong Kong in London, Ambassador Ke Zaishuo, the leader of the Chinese delegation, rejected British suggestions that China should make unilateral efforts to restore the confidence of Hong Kong's people, which was undermined by June's suppression of pro-democracy demonstrations in Peking.

Mr Ke also said China was unwilling to postpone the final adoption of Hong Kong's Basic Law, due to be promulgated next March, as the British delegation had suggested. London

would have liked more time to discuss the contents of the Law, which will form the constitution of the special administrative region of Hong Kong.

Among the measures Britain suggested - at what Mr Robin McLaren, the leader of the British delegation, described as "an unusual, not to say exceptional meeting" - was an undertaking by China to leave the maintenance of public order in Hong Kong to the region's own police force, and to refrain from declaring martial law and stationing Chinese troops in the territory.

Mr Ke did not deny at a press conference after the meeting that there was a problem of confidence in Hong Kong. However, he said it was due mainly to distorted Western media reports of the events in Tiananmen Square and subversive elements in Hong

Kong. He also intimated that "the abnormal state of Sino-British relations," caused by Britain's decision to suspend the talks of the Joint Liaison Group for several months, was responsible for the atmosphere in Hong Kong.

Mr Ke was adamant on the question of the stationing of People's Liberation Army units in Hong Kong. The problem had already been dealt with in the Joint Anglo-Chinese Declaration of 1984 on Hong Kong. To station troops on its national territory was "a symbol of sovereignty and an internal affairs matter," Mr Ke said.

While both sides frankly admitted that they disagreed on many issues, officials underlined some positive results of the meeting, which will be followed by further talks of the group on December 5-8. A joint communiqué

stressed that Britain and China agreed that "the faithful implementation of the Sino-British Joint Declaration on the question of Hong Kong is vital for ensuring the maintenance of Hong Kong's long-term prosperity and stability."

(see page 12 for text) Mr Ke also emphasised repeatedly that China's policy of "one country, two systems" for Hong Kong remained unchanged and that it would honour all its commitments, which include notably the pledge to maintain the colony's capitalist system for 50 years.

The Foreign Office said Britain would upgrade its representation in Hong Kong this year. Mr Anthony Galsworthy, former head of the Hong Kong department, will become head of the British section of the Joint Liaison Group, based in the colony.

Moscow faces new wave of strikes

By Quentin Peel in Moscow

THE SOVIET authorities have launched an urgent campaign to head off the threat of a fresh wave of industrial unrest, which could disrupt essential food and fuel supplies as the Russian winter approaches.

The strikes have been threatened by the Soviet coal miners, if their demands for radical reforms of the industry are not met by Sunday, and latest reports suggest they could be joined by railway workers, plus drivers on the Moscow underground system.

Ivestia, the government newspaper, warned yesterday that a state of emergency might have to be declared on the railways because of huge delays in unloading food and fuel supplies, caused by wildcat stoppages, inefficiency and the backlog of the miners' strikes in July.

Details of the looming transport crisis were spelt out in the Supreme Soviet (the Parliament) this week, when deputies heard that the railways were operating 40m tonnes below their target for the first eight months of the year.

Hundreds of thousands of tonnes of rice, tea and coffee are still waiting to be unloaded in Soviet ports, and 350,000 tonnes of consumer goods are also blocked, the newspaper Sovetskaya Rossiya reported yesterday.

At the same time Moscow's underground could be brought to a standstill by drivers demanding their wages be doubled - to roubles 600 (2692) a month - to put them on a par with regular railway drivers.

Meanwhile, leaders of the miners' strike committees from the huge Donbas field in the Ukraine were summoned to Moscow on Wednesday for a meeting with Mr Lev Voronin, the deputy prime minister. In spite of their strike threat, miners' leaders fear the threat of a simultaneous rail strike could undermine popular and official sympathy for their case.

Some believe the railway workers have even been deliberately encouraged by conservatives in the Soviet bureaucracy to provoke a confrontation. The Soviet authorities could not tolerate a widespread rail strike on the eve of winter, with fuel desperately needed in remote settlements.

A rail stoppage would also rapidly starve any renewed miners' strike into submission, with many remote mining settlements in Siberia dependent on rail links for food supplies.

The first hint of a rail strike was made by Mr Mikhail Gorbachev during the miners' strike. He said the rail workers were threatening to walk out on August 1. Although they did not, there has since been sporadic action with stoppages in Azerbaijan, Moldova, Ukraine and Lithuania.

Ferranti displays the damage

It is a measure of Ferranti's pitiful condition that yesterday's holding statement was seemingly forced by the lack of £17,500. The amount was due to be paid as a preference dividend next Monday, but Ferranti's revenue reserves have apparently been wiped out, thus making any distribution unlawful.

The outlook for ordinary dividends is correspondingly dismal. The effect of the £17.5m net write-off is to produce a deficit on the parent company's distributable reserves of some £22m. Extrapolating last year's re-stated profits, the company could not fill the hole - and thus be in a position to pay a dividend again - until 1992. Any new equity raised will not, of course, be distributable, and the proceeds from disposals can only be paid out to the extent that they exceed book value. The chances of selling off ISC at a book profit cannot be great.

Not at least the pro-forma accounts bear out the company's contention that it is still operationally viable. Gearing may be up to 125 per cent, but the interest cover still looks to be around 1.7 times. On the other hand, the accounts show the monumental scale on which the company was deceiving itself. The write-off of stocks and debtors attributable to phantom contracts is almost 30 per cent of the balance sheet total, and of last year's operating profits, just over 50 per cent did not exist.

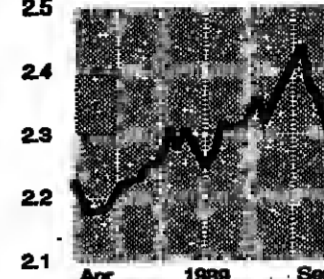
On this kind of showing, it is hard to see the institutions being dragged into a rights issue. Ferranti's target of at least £150m in equity amounts to 20p per share, compared to a suspension price of 73½p. The shares must surely open substantially lower than that next Tuesday, unless, that is, the market has convinced itself that a full takeover is on the way. That now seems the likeliest outcome. But it might be a mistake to be too hopeful on the price.

Yesterday's interim profits, up 23 per cent at £11m, make the further point that THF is running too well under its present management to make a bid seem worthwhile. Bored though the market may have been with the figures, with the share price static yesterday at 331p, intriguing data were tucked away within them. The fact that one third of Japanese visitors to London stay in a THF hotel would be particularly useless except that it helps

FT Index rose 9.5 to 1,885.7

Yield ratio

British Government 25 year high coupon redemption yield divided by FT-A All-Share dividend yield



the market is getting into the buying range. This is based on a vision of the sunny uplands of the early 1990s, with only the dark shadow of 1990 in between.

It will doubtless be the case that when the present upsets is over, it will once more be too late to buy. But the outlook could still be for a dull fourth quarter, or possibly worse.

So far, there has been no real evidence of the institutions selling equities. But they are still showing a capital gain of 28 per cent since the start of the year.

The point at which they would sell would be when that gain looked seriously threatened, and by then, presumably, they would have the additional incentive of 15 per cent on the street.

THF

Four months on from the last lot of talk about consortia ready to pounce from suits at Claridge's, it is increasingly hard to see Ironhouse Forte as a candidate for takeover. It is not simply that the old arguments against expecting a bid - that the Forte family would put up too stiff a fight, and that about 21.5 per cent of the shares were in the board's hands at the last count - still apply.

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Both money and gilts markets are waiting to see which way the Bundesbank jumps. A mere half-point rise in German rates could actually relieve the pressure on Mr Lawson, given that investors already seem to be discounting a full point rise. On the other hand, if the Bundesbank does increase rates by one point, gloomy voices are already suggesting that the Chancellor will need to raise base rates by as much as two points in order to show his counter-inflationary determination.

OFT seeks laws to curb estate agents

By David Churchill

ROGUE estate agents who give a poor or misleading service to the public could face legal restrictions or even a statutory ban under proposals put forward yesterday by the Office of Fair Trading.

However, the OFT has, for the present, ruled out more radical measures such as licensing estate agents or insisting on minimum standards of competence.

The OFT's move follows widespread complaints about sharp practices by some estate agents, such as non-disclosure of personal interests and the bidding up of prices.

Sir Gordon Borrie, director general of fair trading, said yesterday that "the public and the image of the industry are suffering from the activities of a minority of estate agents."

He added: "The public has a right to protection from oppressive or improper behaviour by those who act as intermediaries in the process of buying and selling a house."

This view of estate agents was backed up by a Mori opinion poll earlier this week which showed that estate agents were considered by the public to be the most unpopular of all professional groups.

The OFT's proposals to give consumers greater protection were drawn up at the request

of Mr Eric Forth, consumer affairs minister at the Department of Trade and Industry. He asked Sir Gordon to draw up a list of certain estate agency activities which were "undesirable" and which could be banned under the 1979 Estate Agents Act.

In particular, the OFT looked at the practice of apparently common in South Yorkshire - whereby sealed bids are made to estate agents. In some cases, the OFT found that estate agents informed "purchasers of totally fictitious higher offers" in order to push up prices.

Such "undesirable" practices in its opinion also include unfair or misleading contract terms and the practice of "tie-in" sales whereby purchasers are encouraged to buy other services.

All estate agents would be obliged by law not to carry out such practices and, if found to be doing so, would be warned and then face a ban.

The OFT view of "undesirable" practices was put forward in a consultation document yesterday. Comments are required by the end of the year and government action to give them the force of law is expected early in the New Year.

The document also sets out a voluntary code of practice for estate agents.

BAT fails to get bid timetable reinstated

By Nikki Tait

BAT INDUSTRIES, the tobacco-based conglomerate which is seeking a £12.5m takeover bid from Sir James Goldsmith's Hoylake consortium, has failed to get the original bid timetable reinstated after a ruling by the Appeal Committee of the Takeover Panel, Britain's bid watchdog.

As a result, Hoylake yesterday formally lapsed its all-paper bid for BAT, having claimed control of just 2.3 per cent of BAT. The consortium is now free to seek certain essential US regulatory consents, and, if and when such consents are secured, can rebid for BAT within 21 days. Normally a bidder would have to wait 12 months.

In spite of the restructuring plan put forward by BAT itself earlier this week, Hoylake is still suggesting that it intends to go ahead with the US procedures. It needs consents from nine state insurance commissioners for a change of ownership of Farmers Group, BAT's US insurance subsidiary.

Indications in the Hoylake camp yesterday were that the consortium is inclined to drop certain federal suits which it has brought against the US state commissioners - a move which Axa-Midi, the French insurance group which has been lined up as the buyer of Farmers if a Hoylake bid is successful, has been urging. However, the position is still being assessed.

The Appeal Committee, which met on Wednesday under the chairmanship of Lord Roskill, upheld the original Panel ruling which allows Hoylake this unprecedented variation in the timetable. Like the Panel, the committee decided that "the single most important issue" was whether "the interest of BAT shareholders required that they should have the chance of considering an offer from Hoy-

ESTIMATES OF BAT BID'S VALUE	
Stockbroker	Estimated value of proposals (per share)
County NatWest	810p
Hoare Govett	822p
Kleinwort Benson	850p
Nomura Research	820p
Phillips & Drew	850p
Robert Fleming	830p

† pre-share buyback
base forecast only

lake free from regulatory consents and within the Code timetable.

BAT is pressing ahead with restructuring plans, which involve slimming the business to financial services and tobacco via a series of disposals and demergers of its paper, retail and some miscellaneous interests. A round of institutional visits begins next week, ahead of the shareholder meeting on October 19.

Meanwhile, City analysts have started to form more considered views on what these proposals are worth in terms of the BAT share price. The table gives the estimates of six firms, independent of both BAT and Hoylake and picked at random.

Many analysts point out that these estimates are very sensitive to a number of assumptions - including the speed and net amount raised via disposals, the ratings assumed for both the demerged paper businesses and Argos, BAT's UK retail subsidiary, and the multiple attached to the ongoing EBT business.

Most forecasts also do not make any allowance for the potential share buy-back programme. Hoare Govett reckons that this would raise its 882p estimate to well over 900p.

Electricity delay Continued from Page 1

the market in the first half of 1991." Precise timings for this and the flotation of the two Scottish utilities were still to be decided.

Electricity analysts believe that even this timetable would be difficult if there were serious snags in negotiating the contracts and if the proposed power trading system failed to make a smooth start.

Under the deal, agreed this week, the 12 distribution companies will keep most of their regional monopolies for the first four years, with full competition becoming possible only after eight years.

In approving it on Thursday, the Cabinet accepted the argument of the existing utilities that they needed a "soft landing" after quitting the monop-

oly system in which they have operated throughout their existence.

At the same time, the Secretary of State has retained powers to waive these rules to deal with what officials call "anomalies and special cases." Such powers would presumably be employed if the rules were successfully challenged by the Monopolies and Mergers Commission.

Otherwise, in the first four years, National Power and PowerGen, the two generators, will be allowed to sell directly to only 15 per cent of each regional market, and sites consuming less than one Megawatt (1,000 kW) will remain captives of the area distribution company.

In the second four years, some 25 per cent of the area

board's markets will be open for competition with only customers requiring less than 0.1 MW (100kW) remaining officially captive to the distribution companies.

Thereafter, there will be no restriction on competition for customers.

Over the next few months, the area boards and their successors will sign contracts for the lifetime of 8-8.5 GigaWatts of nuclear plants.

They will also conclude four to eight-year contracts for 12 GigaWatts of fossil-fired stations. The length of the main power contracts will also give a similar degree of security to British Coal, worried about the effects of an abrupt switch to imported coal or oil by the generating companies.

Telephone banking Continued from Page 1

with an approved overdraft; interest rates will be a few points easier than for conventional institutions.

The bank is based on an advanced computer system designed and built by the UK subsidiary of Datapoint of the US. Datapoint, with skills in voice telephony as well as data processing, is acknowledged in the US as a leading provider of telephone-based direct marketing services.

The system is based in Leeds but customers can call the bank at any time at local rates. They will be connected to a "banking representative" who will carry out their instructions. Services offered include payment of bills, provision of

mortgage finance, share dealing, personal loans, insurance products and foreign exchange. Cheque books and credit and debit cards will be issued.

Firstdirect has 150 banking representatives and 100 specialists in areas like foreign exchange and insurance.

Midland's belief in the bank, which it says will be complementary to its conventional branch network, is based on research which shows that most people make little use of their local branch.

One in five people had not visited their branch in the last month, one in 10 had not visited their branch in the last six months and more than half said they would rather visit

their bank as little as possible.

Mr Michael Harris, Firstdirect chief executive, refused to give overall start-up costs in case this helped competitors who, he was sure, would have to follow Midland into telephone-based banking. It seems likely, however, that the computer system alone must have cost about £3m.

Competitors were cautious about commenting on the initiative before seeing it in action. Barclays, however, said it believed face-to-face contact was essential to a personal banking service.

Datapoint said yesterday it was discussing telephone-based systems with other financial institutions.

CHIEF PRICE CHANGES YESTERDAY			
FRANKFURT (Dm)		PARIS (FFrs)	
Fliese		Fliese	
Heidelberg	+ 58	Evor	+ 68
Porsche	+ 22	Valeo	+ 15
Springer	+ 10	BIC	+ 20
Pfizer	+ 14	Cotevint	+ 13
Altana	+ 6.5	Printemps	+ 18
Hoesch	+ 3	Valisat	+ 20
Rosierwerk	+ 3		
NEW YORK (\$)			
Fliese		Fliese	
Bristol-Myers	+ 1/2	Delch Cement	+ 250
Coca-Cola	+ 1/4	Nippon Koppo	+ 190
Phillips Morris	+ 1 1/4	Sony Chem	+ 500
Falls	+ 200	Toko RLEst	+ 900
Harcourt Brace	+ 1 1/2	Toho	+ 120
McDonalds	+ 3/4	Kawasuchi Metal	+ 100
Mercer	+ 1/2	Tokutsu Flour	+ 170

New York prices at 12.30.

LONDON (Pence)			
Fliese		RHM	
ASDA Grp	+ 7 1/2	Redland	+ 11
Arlen Elect	+ 18	Sir LEO	+ 27
Brit Aero	+ 18	Wellcome	+ 15
Caradon	+ 14		
GN	+ 7	Fliese	
Harvester Shd.	+ 7	Brit Island Air	+ 84
ICI	+ 15	Kowell Systems	+ 380
Lon & Man	+ 7	Menzies (L)	+ 410
Lucas Inds	+ 7	Reidmex	+ 930
Pearl Grp	+ 44	Turnhall Grp	+ 235
		Ulster	+ 485

WORLDWIDE WEATHER

Ytd		Ytd		Ytd		Ytd	
Max	Min	Max	Min	Max	Min	Max	Min
Algeria	22	15	22	15	22	15	22
Alex	22	15	22	15	22	15	22
Amersterdam	15	8	15	8	15	8	15
Amman	15	8	15	8	15	8	15
Antwerp	15	8	15	8	15	8	15
Batavia	28	21	28	21	28	21	28
Bombay	30	23	30	23	30	23	30
Buenos Aires	15	8	15	8	15	8	15
Calcutta	30	23	30	23	30	23	30
Canton	25	18	25	18	25	18	25
Chongqing	25	18	25	18	25	18	25
Colombo	28	21	28	21	28	21	28
Copenhagen	15	8	15	8	15	8	15
Dakar	28	21	28	21	28	21	28
Dhaka	30	23	30	23	30	23	30
Hankow	25	18	25	18	25	18	25
Hong Kong	28	21	28	21	28	21	28
Hull	15	8	15	8	15	8	15
London	15	8	15	8	15	8	15
Lyons	15	8	15	8	15	8	15
Manila	30	23	30	23	30	23	30
Medan	28	21	28	21	28	21	28
Mumbai	30	23	30	23	30	23	30
Nairobi	28	21	28	21	28	21	28
Shanghai	25	18	25	18	25	18	25
Singapore	28	21	28	21	28	21	28
Sourabaya	28	21	28	21	28	21	28
Tientsin	25	18	25	18	25	18	25
Tokyo	20	13	20	13	20	13	20
Yokohama	20	13	20	13	20	13	20

C-Clear, D-Drizzle, F-Fog, P-Po, H-Hail, R-Rain, S-Snow, T-Thunder, ?-Noisy, W-Wind, X-Other, Y-Yellow, Z-Zigzag, 0-0, 1-1, 2-2, 3-3, 4-4, 5-5, 6-6, 7-7, 8-8, 9-9, 10-10, 11-11, 12-12, 13-13, 14-14, 15-15, 16-16, 17-17, 18-18, 19-19, 20-20, 21-21, 22-22, 23-23, 24-24, 25-25, 26-26, 27-27, 28-28, 29-29, 30-30, 31-31, 32-32, 33-33, 34-34, 35-35, 36-36, 37-37, 38-38, 39-39, 40-40, 41-41, 42-42, 43-43, 44-44, 45-45, 46-46, 47-47, 48-48, 49-49, 50-50, 51-51, 52-52, 53-53, 54-54, 55-55, 56-56, 57-57, 58-58, 59-59, 60-60, 61-61, 62-62, 63-63, 64-64, 65-65, 66-66,

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SECTION II

Weekend September 30/October 1, 1989

Treading the German tightrope

"OF COURSE there are some people in Britain or elsewhere who say 'Why German re-unification? Surely it is safer and wiser to keep Germany divided.' One answer is that, at the end of the war, the Western powers undertook, along with Soviet Russia, to re-unite Germany. Second, Britain and Germany are allies in Nato. The Germans would regard it a betrayal of the alliance if Britain and the other Western powers were to accept the division of Germany as permanent. This would gravely weaken the alliance." British government document on "The Meaning of Berlin," 1962.

For 40 years, both the Bonn government and the Western countries which helped to conquer Germany in 1945 have consistently proclaimed the sanctity of bringing together the divided nation's two halves. As the result of the Cold War cleavage of Europe, and the subsequent lack of a German peace settlement, the victors - the US, Soviet Union, Britain and France - still have responsibility for matters relating to "Germany as a whole" (within its borders of 1937).

Two generations after Hitler, the dramatic pace of events in eastern Europe has transferred German re-unification into the realm of possibility. Surprises, both good and bad, cannot be ruled out. But the future factors which German unity could be regarded as feasible has suddenly shrunk from a matter of decades to perhaps only 18 or 15 years.

This is a message of hope. But the apparent crumbling of the post-war order also brings a test of the Western allies' resolve and foresight towards a country which, if re-united, would lay claim to being the world's second economic power. It is not an exaggeration to say that the West is playing for the highest of stakes - Germany's soul.

There are two cardinal errors which the West must avoid. The first would be to give the impression that post-war pledges on German re-unification were insincere, mere lip service made at times - such as 1945, a year after the Berlin Wall was built - when the goal was impossible, to be withdrawn when it starts to come at last into sight.

The second mistake would be to pretend that bringing together the two halves again will be easy. Recent assertions by Vernon Walters, the US ambassador to Bonn, that he could imagine German re-unification "in the next future" seem either quibbling or muddled. In addition, President Bush's statement, at a Press conference on September 18, that re-unification is a matter for East and West Germany to decide, looks like an effort to sidestep the allies' own responsibilities.

The post-war cleavage of Germany came not from any clear policy by the victors but, rather, as a result of the absence of

one as the anti-Hitler coalition split. The West must be mindful of this lesson, but should also be fortified by the knowledge that the Federal Republic's stabilisation and western integration has been one of the great successes of European history. To carry the story forward, Washington, Paris and London need to show clarity and cohesion - as well as imagination.

The paralysis of East Germany's leadership, and the haemorrhage this year of more than 100,000 of its people to West Germany, underline the lack of basic legitimacy in East Berlin, and the risk of a power vacuum in central Europe. Twenty per cent of East Germany's 1949 population has fled to the West over the past four decades - ironically, one of the reasons why family links between the two states are still so strong.

In the wake of this month's exodus of more than 20,000 East Germans via Hungary, the collapse of the East German state might seem an attractive prospect. Erich Honecker, the 77-year-old East German leader, this week made his first public appearance after a long absence through illness. His difficulties are crowding in from all sides. But the West must guard against Schadenfreude.

As a means of strengthening their hold, both the present gerontocracy in charge in East Berlin, and those waiting to take over when Honecker departs, are banking on a failure of (or, at least, severe setbacks for) Mikhail Gorbachev's reforms. The East Berlin government is also counting on the reluctance of the West to countenance abrupt change in the central European status quo - a reluctance, of course, which is also discreetly shared by Bonn.

There is a cunning undertone in recent East Berlin government statements hinting that, ugly though it might be, East Germany is the keystone in the post-war European mosaic. The implication - something which Paris, above all, can understand - is that if the stone slipped or were removed altogether, the European power balance would inevitably be disturbed.

In present circumstances, implosion or explosion of the East German state would be likely to incite a crackdown to reimpose communist "discipline," perhaps backed by Soviet military intervention. This would set back, rather than promote, re-unification chances. In fact, a genuine crisis in East Berlin - a repeat of the soon-crushed revolt of 1963, for instance - might be just what the hard-liners want to provoke. The delicate task for the West is to find operational policy steps which set out ways of turning the long-term vision of German unity into practicable reality, but which avoid the illusion that it can all be achieved overnight.

It could be time, for instance, for Western governments, in partnership with Bonn, to think about drafting a democratic all-German constitution, federal in charac-



ter (in line with West Germany's 1949 Grundgesetz). This would encompass a path towards elections in the two German states - an idea last thought about in the 1950s. In the German confederation which might result from such a process, East Germany would be orientated towards the West but would be granted an important degree of self-government - at least for a transitional period of, say, 10 years.

Suggestions along these lines have already been outlined by some of Chancellor Helmut Kohl's policy advisers. But a lot more hard thinking is needed. One day, a four-power conference on unifying Germany will not appear a remote possibility;

David Marsh argues that if the division of Germany is to end, superpower détente must continue and political reform and western economic aid are needed in the east

and the West should be prepared.

The reward for Europe would be great: the bringing of democratic values to the part of Germany up to now denied them. But unless the West succeeds in filling the rhetorical re-unification gap with concrete policies, there is also danger that German frustration over partition, on both Left and Right, could bubble to the surface. If it miscalculates, the West could lose a significant amount of influence over events in central Europe. And, for reasons of sheer geography, the European power of the Soviet Union would be enhanced.

Kohl proclaimed last month that the "German Question" was back on the international political agenda. Answering it, however, has not so far attracted sufficient attention. West Germany's 1949 constitution lays down as its highest political goal the attainment of "state unity." The Rela-

tions Treaty (Deutschlandvertrag) of 1955, which was signed by the US, Britain, France and the Federal Republic and allowed the latter's entry into Nato, pledges "a common aim of a re-united Germany enjoying a liberal-democratic constitution like the Federal Republic and integrated within the European Community."

The standpoint was repeated by the signatories on the treaty's 25th anniversary in 1980. It is also worth recalling that the first constitution of the East German state proclaimed Germany "an indivisible democratic republic"; East German references to German unity were dropped only after

views on re-unification beyond his usual slogans, the Chancellor shows that he has not gone very far towards thinking out the problem.

Also conspicuous are the gaps in the arguments of Hans-Dietrich Genscher, the Foreign Minister, himself a former émigré from East Germany and the heir to Brandt's policies of building bridges with eastern Europe. Genscher often reverts to phrases such as "the more European our policies, the more national they will be" to underline that he wants the unity of Germany in the context of an overall ending of European division - "a European peace order." Both he and Kohl permanently assure foreign allies that there will be no neutralist go-it-alone German Sonderweg (special path) to seek unity at the price of a weakening of Bonn's Western ties.

This is all very welcome to hear. But for cultural, historical and economic reasons, the pressures for some form of unity between East and West Germany are inevitably greater than, say, between France and Poland. As Genscher said this week, the existence of one German nation is one of the realities of Europe: "There is neither a capitalist nor a socialist German nation." This seems to suggest that, whether Genscher likes it or not, German unity will be on the agenda before European unity.

In preparing for this, Bonn and the West have to take account of some uncomfortable German realities. Because the very existence of the East German state (unlike Poland or Hungary) rests on the espousal of Marxist-Leninism, East Germany is not readily susceptible to an infusion of popular democracy and free market principles.

Practical moves towards unity can build on the "small steps" already put into practice by both Social Democrat and Christian Democrat governments in Bonn over the past 20 years. But these will have to be linked to some kind of guarantees to keep

the East German state in being, at least for a fairly long transitional period. There would be nothing in principle against East German communists maintaining a stake in government.

In spite of Left-Right polemics in Bonn over policies towards East Germany, such guarantees could easily fit in with the Kohl Government's stance of supplying large-scale economic aid to East Berlin. Max Streibl, the Bavarian Prime Minister, has, for instance, suggested a formal treaty under which East Germany would undertake basic reforms in exchange for economic assistance from Bonn.

But there must also be no illusions about the Berlin Wall and the guarded East-West German border. The fortifications will be dismantled only when they are no longer necessary to stop population erosion in the East. The refugee flood of the past few weeks shows that this is a long way from being the case.

For very good legal, constitutional and moral reasons, West Germany does not accept a separate East German citizenship. But as long as West Germany offers East Germans passports, social security, and access to material goods and housing - as well as democratic rights - the pressures for emigration will continue.

The conclusion is inescapable. There are two conditions for the ending of German division. The overriding one - over which the Germans have little or no control - is that super-power détente remains on a even keel. The other is that politic reforms and Western economic assistance are needed in East Germany, going enough to lower popular discontent, not so far as to remove the birthright, the East German state.

Treading this tightrope will be a cut-throat balancing act, but if the West's claimed goal of self-determination for people of East Germany is to become reality, there is no other policy available.

The Long View

How the Wild West was financed

SHOCK HORROR figures, such as those we had for the August current account deficit this week, make for dramatic headlines but, nowadays, the consequences can take a surprisingly long time to be felt.

It was not always so. We are about to be reminded of the bad old days of instant over-reactions with the Sunday paper serialisation of Denis Healey's memoirs including, it is promised, a blow-by-blow account of the events of 1976. A high point, presumably, will be the VIP lounge story of his famous and dramatic dash back from Heathrow when en route to the IMF conference.

This week, the trade returns and the accompanying sterling mini-crisis were bad enough to dent Chancellor Nigel Lawson's international image - there did not seem to be quite so much feigning of the Americans or the Germans this year - but not so bad as sending him back to Whitehall. Of course, if Denis Healey had enjoyed the benefits of fax machines and mobile phones 12 years ago perhaps he could have boarded the plane.

Like other commentators, I got quite excited a year ago when the full extent of the deterioration in Britain's current account was becoming evident. The deficit was £13.6bn in 1988 and it has been £13.9bn for the first eight months of 1989, suggesting that the annual total could be £20bn.

sequences for the financial markets in the past 12 months. Sterling has weakened, certainly, but by only about 4 per cent on a trade-weighted basis. Believe it or not, sterling is just about unchanged against the yen.

The yield on a typical high coupon long-dated government bond has risen only from 9.4 to 9.7 per cent. Meanwhile, the All-Share index has surged upwards by 25 per cent, ignoring blissfully any little local economic difficulties.

It is short-term interest rates that have demonstrated the tell-tale signs of mounting strain. Bank base rates were at 12 per cent a year ago. They had to go to 13 per cent in November, and a point higher again in May. Hopes that high rates would prove to be only temporarily have been dashed repeatedly. Now, it looks as though we will soon see 15 per cent (so long as the Bundesbank and the organisers of the Tory party conference can arrange a mutually convenient date).

I have never found it easy to believe in gradualist policies such as Nigel Lawson has been following. If an economy is unbalanced, a shock must be administered to change people's behaviour. To some extent, the sharp rise in interest rates in the summer of 1988 created a shock, but one that affected only a quite narrow section of the public.

Young home-buyers are being hit badly and, naturally,



We should learn from how capital markets worked 100 years ago, Nigel Lawson said this week. But he faces a very up-to-date crisis

popular newspaper headlines concentrate on their plight. But there are signs that people at large are getting used to coping with high interest rates. Bank lending has been rising as fast as ever in the past few months, reaching £6.4bn in August. Personal borrowing might have slackened a little

but business borrowing has picked up: companies apparently are happy to borrow in what they see as a weak currency, given that they are still very profitable and the interest payments are tax-deductible.

With the further deterioration in the balance of payments - visible imports are now 30 per cent higher in value than exports - the risk premium demanded by foreigners (or Britons, for that matter) for holding sterling is going up. At the moment, holders of short-term sterling are covered by their interest rates differential against a decline in the exchange rate to DM2.85 over the next year. But a sudden and sharp decline is more likely than a gradual and protracted fall.

The Government's immediate concern has been to keep sterling relatively high in order to restrain inflation. That is inevitably an industry-bashing policy, which is quite inappropriate for an economy where a massive shift into exports is required. Nevertheless, Lawson has hoped that supply side policies, which have led to greater profitability and investment, would enable the UK to trade its way out of its deficit. Unfortunately, the deficit is getting worse, not better, and the eventual policy changes will have to be tougher and more damaging the longer they are postponed. Meanwhile, the level of sterling interest rates depends increasingly upon the whims of foreign creditors.

How long will it take, though? Is it conceivable that the show could be kept on the road until a general election in, say, June 1991? That might indeed have to be Lawson's strategy, and he backed it up this week in Washington by harking back to a period 100 years ago when, he said, persistent national surpluses and deficits were also characteristic of a period of unfettered international capital markets.

On that view, the necessity of countries to respond Healey-like to short-term imbalances has been a temporary feature of the rigid and controlled capital markets which have existed since the Second World War, and which have prevented savings from flowing across borders on a long-term basis.

But whereas foreign investment in the infrastructure of the 19th century United States might be one thing, financing the imported car requirements of late-20th century Britain looks to be quite another. It is all very well if countries use the availability of seemingly unlimited credit to buy time for radical adjustment. But what if they simply decide to postpone the evil day?

One day, perhaps in another 13 years, Nigel Lawson might well be writing his own memoirs. He will not have to describe a dash back from the airport. But he could yet have to say something about a U-turn of another kind.

GUINNESS FLIGHT

MANAGED CURRENCY FUND

STERLING'S PREDICAMENT IS YOUR OPPORTUNITY

The Government trade figures published this week revealed a £2 billion deficit - again. Inflation in the UK is higher than in Italy. The Labour Party has been consistently ahead of the Conservatives in the opinion polls.

High interest rates have protected Sterling from the consequences of all this bad news. But now rates have crept up elsewhere in the world, narrowing the gap and eroding their protective effect. The foreign exchange market is losing patience with the UK economy.

For the past 9 years, Guinness Flight's Managed Currency Fund has been invested in a mix of the world's major currencies. And due to the fund's size, we earn wholesale rates of interest on our deposits in the various currencies.

At Guinness Flight we have proved ourselves adept at investing in the currency markets and

become acknowledged leaders in the field. Right now, our experience of exchange rate movements points to an imminent Sterling crisis.

By investing in Guinness Flight's Managed Currency Fund you can benefit from Sterling weakness provided we invest in appreciating currencies.

Guinness Flight offer two managed currency funds. Both are based offshore in Guernsey and are listed on the International Stock Exchange, London.

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*Please consult the prospectus and other particulars of Guinness Flight Global Stock Fund Limited.

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Trends and Motoring this week appear on pages 6 and 7 of the first section

*Increase in share price in Sterling, over 1 year 01.9.88 to 31.8.89, 10.21%; over 5 years 30.8.84 to 31.8.89, 98.72%. Offer to offer basis, income reinvested, excluding initial charge.

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MARKETS

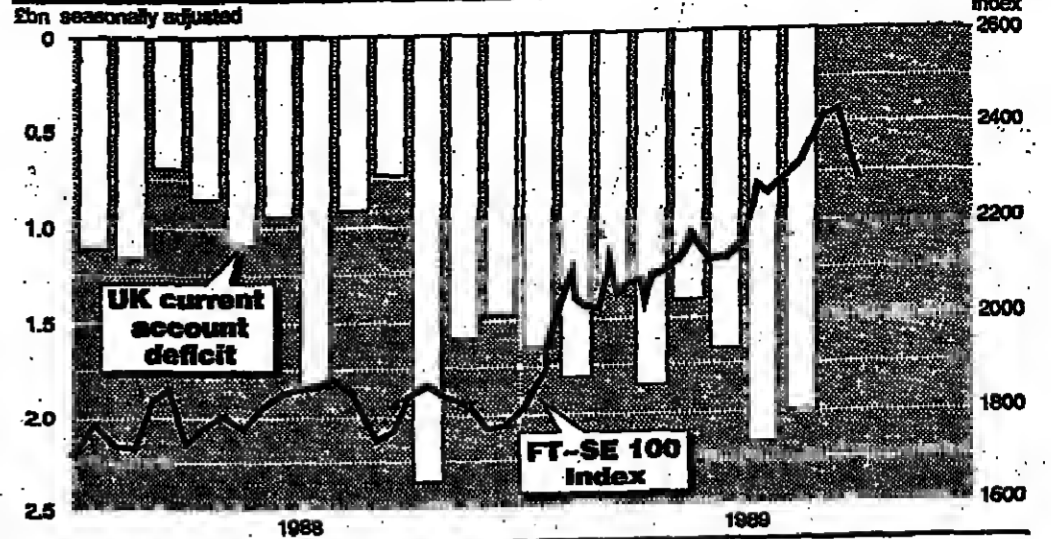
LONDON

Sharp and sad end to a summer holiday

THERE MAY WELL be investors who went on holiday at the end of last week...

Hard on the heels of the deficit came worries about currency - particularly the level of sterling against the DM...

If the pound were to fall below DM3, the Chancellor would be forced to act...



FINANCE & THE FAMILY: THIS WEEK. The new buzzword from Brussels. Barry Riley reports on units - a new investment fund to be marketed throughout the European Community.

HIGHLIGHTS OF THE WEEK. Table with columns: Price, Change, 1989 High, 1989 Low. Rows include FT-SE 100 Index, Anglo Saxon Homes, Ashley (Laurie), Britannia Security, Davy Corp., Evered, Glaxo, Goldberg (A.), ICI, Mamo, Mount Charlotte, Scot. & Newcastle, Strim, Trusthouse Forte.

British Airways launched its well-signalled £200m issue of convertible capital bonds on Tuesday...

Mixed picture for Abbey National. Abbey National's share price has, until recently, proved something of a disappointment to investors.

WALL STREET

Fickle followers of fashion

DESPITE ITS sizeable gains in the last few days, the US stock market was a wealthy place at the end of this week...

JUNIOR MARKETS

Green is GO!

THE SOUND of supermarkets beating the environmental drum on Thursday's Green Shopping Day was evidence...

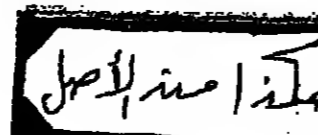
Current account deficit hits £2bn. Britain's current account deficit reached £2bn in August, which was considerably worse than market expectations.

The Week Ahead

Looking good for Guinness

Analysts will be looking to the Far East when Guinness reports interim results on Thursday. Sales have been buoyant and heavy marketing of Scotch whisky in that area...

should report full-year profits in the region of £18m on Tuesday. A point of interest will be how the company's non-TV interests are performing.



FINANCE & THE FAMILY

Barry Riley reports on the launch of a new kind of investment fund in the European Community

Ucits - the latest buzzword from Brussels

DON'T ALL rush at once, but now, for the very first time, you can invest in a ucits by courtesy of your friendly Brussels commissioner.

A ucits is a kind of Euro-investment fund, set up to comply with special conditions so that it can be marketed throughout the European Community. The Ucits Directive was agreed by member states back in 1985, but it only comes into force tomorrow. Even so, a number of countries have failed to enact proper legislation in time, though the UK is all ready to go.

Ucits is singular, not plural, and in full Eurogobbledygook stands for Undertaking for Collective Investment in Transferable Securities. If you think the word is difficult, have pity on the French, who must twist their tongues over *un* UCVM.

Most of the ucits on sale in Britain are going to be plain old unit trusts. The Securities and Investments Board, the regulatory body which will issue ucits certificates, is expecting something like 400 applications. About half the unit trust management companies in the UK have replied to a preliminary letter from the SIB. The certificates will not cost

anything, and there will be no very onerous conditions for conventional unit trusts. But the managers will need to make sure they keep within the regulations. Principally, they must only invest in listed securities (plus a small unlisted element) so that property, commodity or money funds are excluded. Limits on the size of individual shareholdings and on the amount of borrowings are roughly the same as those which already apply to British unit trusts.

Armed with their ucits certificates the unit trust companies can then go anywhere in the EC and obtain automatic local registration on payment of a fee. After waiting a maximum of two months to be checked out, they may seek to sell in the local market, so long as they take care to comply with local marketing rules. Or so the theory goes. In practice, very few British unit trust promoters give much for their chances of being able to sell UK-authorised unit trusts on the Continent in any volume.

The more interesting prospect of the UK investor's point of view is that he or she will be able to buy foreign-registered ucits in Britain. What's more, they can be promoted through advertising, direct



mail and sales networks just like domestic units, whereas many foreign and offshore funds are only available through professional advisers. But foreign ucits are getting off to a slow start. The SIB charges £1,000 down and £1,000 a year to foreign ucits, and so far it has only recognised 15 funds from Luxembourg which were already accepted under a temporary agreement with the grand duchy. One reason is that several countries do not

have their legislation ready.

The immediate effect upon British fund management groups has been to initiate a minor rush to set up operations in Luxembourg, which has a very favourable tax regime for investment funds and is regarded as an attractive neutral base from which to sell into countries such as France and Italy.

Groups like Robert Fleming, Foreign & Colonial, Ivory & Sime and Wardley are all attacking the ucits market out of Luxembourg, and Fidelity has announced a major expansion into ucits for the first half of next year.

But whatever the interesting potential on the Continent, it is all something of a non-event for the UK investor? Not quite, because this could be the start of something big.

Already the ucits developments have given the unit trust industry something to argue about in its discussions with the Inland Revenue. Certain taxes, notably the imposition of corporation tax on income, have made unit trusts uncompetitive with funds based in, say, Luxembourg, where taxation of investment companies is totally "transparent" - that is, the investor only pays tax as though he

held the underlying securities directly. The unit trust managers are therefore hoping that they will get a better tax deal so that their units can be sold on the Continent without the necessity to clone the funds in Luxembourg.

Moreover there are technical and legal differences between unit trusts and Continental funds, which are structured differently. There could be pressure to legislate in Britain for open-ended investment

companies, which are already common in the Channel Islands.

The Ucits Directive could therefore usher in a dose of international competition which over a few years might make quite a difference to the shape of the unit trust business in the UK.

Oh, by the way, OPCVM stands for *organisme de placement collectif en valeurs mobilières*. But you probably knew that already.

COMPANY NEWS SUMMARY TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Lists various companies like Accord Publ, Armstrong Es, Arzo Europe, etc.

All cash offer.†Cash alternative.‡Partial bid. §For capital not already held. ¶Unconditional. **Based on 2.50pm prices 29/9/89. †As suspension. ‡55 shares and cash. §All paper bid; price attributed by Hoyles. ¶Offer is 25% for each stock unit registered on the London Stock Exchange and 115.53 for each stock unit registered in S. Africa. Alpha Gamma is making partial offer involving payment of 15% of 229.45 MTS shares. The total value of the bid is £3.76m. Also, MTS is offering £12.55m for Alpha Gamma.

RESULTS DUE

Table with columns: Company, Announcement due, Dividend (p), Last year. Lists companies like Armour Trust, Arzo Europe, etc.

INTERIM DIVIDENDS

Table with columns: Company, Announcement due, Dividend (p), Last year. Lists companies like American Distributors, Associated Fisheries, etc.

'Umbrella' goes up

HAMBROS IS setting up a special offshore inquiry desk in Guernsey (0481-265211) following the launch this weekend of its Equus 'umbrella' fund, which is recognised by the Securities and Investment Board and can therefore be sold direct to UK investors.

The 'umbrella' fund has nine sub-funds, including eight with an established track record. Four existing Hong Kong based funds will be re-domiciled in Guernsey, although the fund managers and administration will stay in Hong Kong.

The only new fund to be created is a North American Growth Fund, but the Hambro-Pacific Japan Fund and Japanese Enterprise will be available to UK investors for the first time since 1985.

All of the nine sub-funds are equity funds, but switching costs have been reduced both within Equus and the bank's two other umbrella funds, EMMMA and the Hambros Currency Fund. Switches are on a bid to offer basis, with a 5 per cent discount of the initial charge and a £30 administration fee.

To highlight the launch of the fund, which is expected to have some £130m under management to start with, a discount of 2 per cent is offered on all investments made before

December 1. Minimum investment is £2,000 per fund. Following the announcement by the Department of Trade and Industry that Thailand is now an approved market for UK authorised unit trusts, two new funds are planned. First past the post is Royal Trust, which has added Prestige Thai Portfolio as a sub-fund to its onshore umbrella fund.

During the launch period until October 15, when units will be offered at 50p each, there are bonus allocations of 1 per cent for investments up to £9,999 and 2 per cent above £10,000. Minimum investment

is £500. As with the other Prestige funds, there is a hefty annual management fee of 1.9 per cent, but the initial charge of 5 per cent is negotiable with authorised financial advisers. Providence Capital is launching a Thailand Trust too to add to its range of specialist funds. It will invest 60 per cent of the fund in over 30 companies direct and put the remainder in three or four Thai investment trusts, quoted on other approved markets.

The initial charge is a low 4.76 per cent of the offer price but the annual management fee is 1.5 per cent. The minimum investment is £500.

John Edwards

A cap and collar on home loans

WITH EXCELLENT timing in view of the uncertainty about interest rates, mortgage broker John Charrol has reintroduced the "cap and collar" loan, where the rate of interest moves within specified floor and ceiling levels.

John Charrol, the marketing director, says it provides an attractive alternative to fixed-rate mortgages since it allows borrowers to benefit from any downward move in interest rates while setting a top limit.

The interest rate band has been set between a ceiling of 13.5 per cent and a floor of 10.5 per cent. It varies during the four-year period of the loan in accordance with the standard rate charged by the lender, First Mortgage Securities, which in turn is adjusted in line with the general trend in mortgage rates.

months and at no time moved below 9.75. If mortgage rates do fall substantially and you decide to abandon the cap and collar loan before the four-year period is up, you face paying early redemption penalties. These are based on a complicated formula calculated on the number of years, the sum involved, and the rate of interest at the time. But a noticeable feature is that instead of buying the "cap" limit by paying a premium equivalent to one or three months' interest, there is simply an initial setting-up charge of £150.

Meanwhile, National Home Loans has introduced a fixed-rate mortgage with a difference. It runs for over three years; but during the first year until September 1990, the interest rate is fixed at 11.75 per cent. It then rises to 12.95 from October 1990 to March 1993.

In addition, you can defer 3 per cent of the interest for the first three years, reducing the initial rate for 12 months to only 8.75 per cent, and you can cut payments even further by using a scheme called Budget Facility under which

endowment premiums are added to the mortgage balance. A two-tier interest rate is also being used by CIBC Mortgages, in conjunction with Home Mortgages, to provide first-time buyers with 100 per cent loans. The first 85 per cent of the mortgage is given by CIBC at one rate (13.7 per cent) while the remaining 15 per cent is provided by Home Mortgages at a slightly higher rate of 13.9 per cent.

Home Mortgages is linking in a similar way with Stroud and Swindon Building Societies to provide 100 per cent home loans, although the interest rate is higher. The society charges 14 per cent on its 85 per cent share of the loan, while the rate on the remaining 15 per cent provided by Home Mortgages is a hefty 14.9 per cent. The scheme is, however, designed for high-flyers since the society is prepared to give loans based on 3.5 times the borrower's primary income, plus one times any secondary income or, alternatively, three times joint income.

J. E.

Halifax falls in line

HALIFAX building society this weekend becomes the last big high street banking organisation in the UK to offer a cheque book current account.

It would probably not have done so unless customers had shown signs of voting with their feet. Halifax had hoped to cut the high cost of investing in a paper-based money transmission system with Cashcard, its electronic current account.

Maxim. It is not for everyone; customers will be credit scored and need good credit references to get it. A Maxim account does not confer membership of the society, so anyone wishing to gain from the society's eventual (and expected) flotation should remember this. Account holders will receive interest of 4 per cent on balances up to £100, and 6.50 per cent on balances over £2,000. The account comes with a cheque and cash card which Halifax may eventually make into a debit card, probably by putting the Switch branding on it. The cheque guarantee will be for only £50 though Halifax hints it may go up.

There will be an overdraft available at a not very generous rate of 1.9 per cent a month, and a home banking facility using a telephone and a key pad which can be used for much the same sorts of things as can be done through the Halifax Cashcard ATMs - statement requests, balance enquiries, bill payments, and fund transfers between accounts.

David Barchard

"Yes, it's all in this new Guide to Savings for Non-Taxpayers."



"Gran, did you realise we don't have to pay tax on our savings?"

If you're a non-taxpayer, or think you might be one, you'll find our new updated Guide to Savings for Non-Taxpayers very useful.

It's easy to understand and it tells you why National Savings is the best place for your savings if you're a non-taxpayer.

Remember, your local bank or building society has to take tax off the interest on your savings, even if you are a non-taxpayer. And even non-taxpayers can't claim it back.

But National Savings Investment Accounts, Income Bonds and Capital Bonds don't take tax off the interest. So though the interest is taxable you'd keep the lot if you're a non-taxpayer.

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NATIONAL SAVINGS

PRELIMINARY RESULTS table with columns: Company, Year, Pre-tax profit, Earnings per share, Dividends per share. Lists companies like Bailey Ben Corp, Ballie Oil, etc.

INTERIM STATEMENTS table with columns: Company, Pre-tax profit, Earnings per share, Dividends per share. Lists companies like Abbey National, Acom Computer, etc.

Table with columns: Company, Pre-tax profit, Earnings per share, Dividends per share. Lists companies like Amalgamated, Amalgamated, etc.

RIGHTS ISSUES: British Airways to raise £220m via a rights issue of convertible capital bonds. British Telecom to raise £200m via a 10% rights issue at 125p. British Airways to raise £151.4m via a one-for-three rights issue at 72p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS: F&O Holdings has applied for its shares to be traded on the USM in Dublin and London. There is to join the stock market via a flotation which is expected to raise between £150m and £200m.

MEXICO: The Financial Times proposes to publish this survey on OCTOBER 12 1989. For a full editorial synopsis and advertisement details, please contact: NIGEL BICKNELL at 01-873 3447.

Number One Southwark Bridge London SE1 9HL FINANCIAL TIMES

FINANCE & THE FAMILY

THE BALLROOM of London's Park Lane Hotel was packed on Tuesday for the third BEST Business Expansion Scheme Awards. I asked one guest - a venture capitalist - why he was there. "Oh, we don't touch BES investments," he replied. "But there are lots of companies around looking for an exit route and those are the ones we're interested in."



Does anyone know the way out?

This may reassure potential investors debating whether to put some money into a scheme before October 5, the latest date for carrying back tax relief for the 1988-89 tax year. It is still possible to carry back relief of up to £5,000 for the last financial year if investors haven't used up their annual limit of £40,000.

The question of what happens when you want to sell is becoming increasingly pressing as a number of the early schemes reach maturity - since only a few have yet offered exit routes to investors wishing to take their profits.

Such gloomy thoughts were not on people's minds as Peter Lilley, Financial Secretary to the Treasury, presented the awards for 1988-89.

Alan Paul, the hairdressing company, was the joint winner of the BES Company of the Year Award. It raised £400,000 via the BES in 1987. Originally started in 1970, it now has 110 outlets and has been floated on the Unlisted Securities Market. The award was shared with Graham Wood, the holding company for six steel construction businesses. It originally raised money under BES in April 1984 obtaining a full listing in February this year. Its share price is almost ten times the value of the original BES shares in 1984.

Among the new offers over the past year, the best non-assured tenancy issue was deemed to be Britannia Marine, which owns and operates safety vessels servicing the offshore oil and gas industries. The runner up was Chairpower Products, manufacturers and investors of an exceptionally well designed wheelchair.

The best assured tenancy BES was judged to be Norcix Homes, the first assured tenancy issue launched based on the Glasgow area. Kerrington Developments was commended. Predictably, Johnson Fry were the sponsors who raised most money during the year - a total of £97m.

Judging from Peter Lilley's speech, the Government is pretty satisfied with the way the scheme is working and is not going to alter it. Amid some heckling, Lilley said that the £500,000 limit for others,

other than assured tenancies and shipping, was working well. He claimed that as much as being raised for smaller companies under the scheme as before the limit was reduced.

The last tax year was exceptional for the BES industry which raised more than £280m but the manager of one fund currently seeking capital said it was harder going than this time last year.

Why investors should be more cautious is unclear; perhaps they have used their £40,000 allowances, or are tired of new issues, or they are simply waiting until the last minute. Incidentally, delaying until the last minute can be

Heather Farmbrough wonders what happens when BES investors decide to take their profits

dangerous as cheques may take too long to clear. Nevertheless, there is still plenty to choose from among offers open now. Those not covered previously in the Financial Times include the following: Manchester Village Homes sponsored by Neill Clarke (041-332-2055) is an assured tenancy offer raising up to £2m for properties in the south Manchester area. The directors have good experience in the local housing market. This scheme includes the design and build idea, where the company intends to design and build some of its houses, thus "saving" the normal costs incurred in purchasing properties directly from a developer. The minimum individual sub-

scription is £1,000 and the closing date is October 5.

Airways Homes Assured Tenancies is seeking £5m to provide rented accommodation, principally to British Airways employees at Heathrow. It might not be the quietest part of the country to live, but there is a considerable need for temporary and permanent rented accommodation from airline staff. The properties will be managed by the Airways Housing Trust, which has been developing and managing homes since 1947. The scheme is marketed by MMI (01 242 0171), the minimum investment is £1,000 and the offer closes on October 24.

Nomad Properties is making

its second offer under BES and hoping to raise £5m to let assured tenancies in the north east. The first issue raised £1.7m. According to the Halifax Building Society, house prices in the north caught up with the rest of the country to some extent last year rising 33.1 per cent over the 12 months to June 1988. Directors say there is room for prices to go higher with plenty of new business in the area and the successful Metro centre, Europe's largest shopping centre, nearby in Gateshead. The company's first scheme is doing well with plenty of completed applications from tenants. The minimum subscription is 500 shares at £1.15 each. The offer closes on Octo-

ber 31 and is sponsored by Wise Speke (tel. 091-361-1266). Northumbria Housing, sponsored by Chonlarton (01-283-7871) is also looking to let properties in the north east. It intends to acquire houses ranging from unmodernised or derelict homes to rundown rural properties. Beckett's Homes - the company of which Northumbria's chairman is managing director - will advise the company on developments and will manage the completed properties. The minimum application is £1,000 and the offer closes on October 13.

Community Housing Assured Tenancies (CHAT) claims to be a "guaranteed and socially aware" offer. The accommodation is designed for the elderly - which is not the first time a BES assured tenancy issue has addressed this market. The company hopes to raise £4.4m, and is sponsored by A G Bentley (0800-300-371).

Four sites have been selected and the company has a buy-back guarantee with the housing associations who will manage the properties in the form of a one way option. After five years, the company can ask the housing association to buy the properties back, pound for pound the amount subscribed by investors. So investors have a safety net, although the shares should be worth more than £1 each by then. The minimum subscription is £2,000 and the offer closes on October 4.

Other assured tenancy issues, some of which close next week include Capital (sponsored by Hodgson Martin 051-222-7844) which will concentrate on central Scotland, Dundee and Aberdeen. Another Hodgson Martin issue, Beechwood, will invest in Glasgow. The succinctly-named 251 Portobello Road will develop and let a single development of 11 flats in the Notting Hill area of London (Matrix Securities 01-495-4905).

If assured tenancies don't appeal, Johnson Fry (01-321-0220) is sponsoring LA Fitness which is seeking £500,000 for a new health and fitness centre in Old Isleworth village, just over the Thames from Kew Gardens.

Incidentally, Artesian, the London property development and assured tenancy company has invested more than £1m (not one per cent as previously reported) of its £4.2m capital and expects to have committed almost 50 per cent of the capital by the end of the year.

Heather Farmbrough was commended for the BEST BES journalist of the year award.

Eric Short explains the changes in the method of paying National Insurance contributions which come into effect next week

What's in your pay packet?

FROM NEXT Thursday, all employees earning at least £115 per week (£5,280 a year) will have an extra £3.01 a week (£156.52 a year) in their pay packet as a result of changes in the method of paying National Insurance contributions, first announced in this year's Budget.

Under the current complex contribution system, employees who earn less than £48 a week - the Lower Earnings Limit - do not pay any National Insurance contributions.

Once they earn more than £48 weekly employees are charged contributions on all their earnings on which contributions are assessed at the employee's top basic rate. For employees earning £115 or more a week, the basic contribution rate is 9 per cent.

Under the new simplified system employees earning more than £48 a week will pay NI contributions at the rate of 2 per cent on their earnings up to the Lower Earnings Limit and 9 per cent on earnings above this amount, up to the Upper Earnings Limit - currently £235 a week.

Thus, employees earning £115 a week or more will pay 2 per cent on the first £48 of their weekly earnings, instead of 9 per cent, and the assessment of their remain-

EFFECT OF THE NEW SYSTEM

Weekly Earnings	Weekly Net Reduction in NI Contributions
£	£
43	1.29
50	1.01
75	1.51
100	1.01
115 & above	3.01

Source: DSS

ing earnings is unchanged. This represents a reduction of £3.01 in their weekly NI contribution.

Employees earning less than £115 a week currently have lower basic NI contribution rates. The net effect on their weekly NI contributions is a saving at a lower amount. The table illustrates the effect of the changes.

Since there is no tax relief on NI contributions even though effectively they are a social security tax - the employee

receives the full value of the reduction. For those seeking to cope with mortgage payments this extra money, however small, will be welcome. But how can employees not under pressure from high mortgages best use this mini-windfall?

Certain life companies, always on the lookout for further business, see this as an opportunity for employees to increase their pension commitments without cutting back on their current take-home pay. The amount involved is too small on its own for an employee to make a pension commitment from scratch. But the life companies view this as a painless way for employees already making pension payments to increase their commitments.

For example, employees in company pension schemes could increase their AVC (Additional Voluntary Contribution) payments. This move would coincide with the forthcoming campaigns in the autumn by life companies to promote their Free Standing AVC schemes.

Employees contributing to a personal pension arrangement could increase their payments too. However, this does not apply to rebate-only personal pensions that are contracted-out of the State Earnings-Related Pension Scheme.

David Barchard on a move to make credit even more flexible

Two cards - but one account

IF YOU are bewildered by the number and variety of credit cards on the market, be consoled by the thought that you can tailor the features of a card to match your needs.

Save & Prosper, the retail finance arm of Robert Fleming, the merchant bank, seems to have taken the flexibility principle furthest. It launched a credit card scheme this week which allows customers to have both a Visa card and a MasterCard, but with a single account.

Customers can choose whether they want to pay a fee (of £8 a year) and a lower interest rate equivalent to 22.7 per cent a year, or no fee and a slightly higher interest rate of 24.6 per cent. They can also choose whether or not to be billed with a single monthly account for both cards - an innovation which has led to ructions at Visa International and which could yet force Save & Prosper to compromise by putting two separate statements in the same envelope.

From the customer's point of view a single account makes

payment easier, but the other advantages seem a little questionable. In the UK, there is little difference between the numbers of Visa and MasterCard retail outlets - any shop that takes one card usually will take the other. There are other countries, notably West Germany, where the situation is different and Save & Prosper seems to be going into the

payments are made easier but the other advantages seem questionable

MasterCard market with an eye to long-term changes in Europe.

For those who regard credit cards as giving a line of credit, there seems to be little point in a double account with a single issuer. Save & Prosper offers a credit limit of up to 10 per cent of gross income for home-owners.

Unlike the credit cards of the larger banks, such as Access or Barclaycard, Save & Prosper

allows customers to settle their accounts with direct debits for either the full amount or the monthly minimum. But they no longer provide the cheapest Visa or MasterCard on the market. That distinction is held by the Town & Country Building Society, which charges 19.5 per cent - more than 10 percentage points below the big names in the industry.

That situation could be about to change. Barclaycard is expected to announce fairly soon that it is introducing charges, and the other Access banks will probably follow Lloyds Bank before very much longer. This will enable them to bring their interest rates down a little.

Midland Bank this week announced the launch of its mass-market Visa card, with an APR of 26.8 per cent. Midland launched a limited-circulation Visa card, called Indigo, last spring. The appearance of its new Visa means that all the Big Four banks now offer both Visa and MasterCard to their customers.

Meanwhile, new affinity cards (which donate a fraction of the amount spent with them to particular charities) continue to appear. After the Royal Society for the Protection of Birds' card, another for animal-lovers has taken its bow. The Royal Bank of Scotland is offering a different kind of MasterCard, an affinity card linked to the National Game Defence League (NGDL).

The bank will donate £7.50 to the NGDL every time a card account is opened. The sum is enough to keep a dog in kennels for a fortnight. Will there soon be an affinity credit card for dog-haters as well?

ENERGY EFFICIENCY

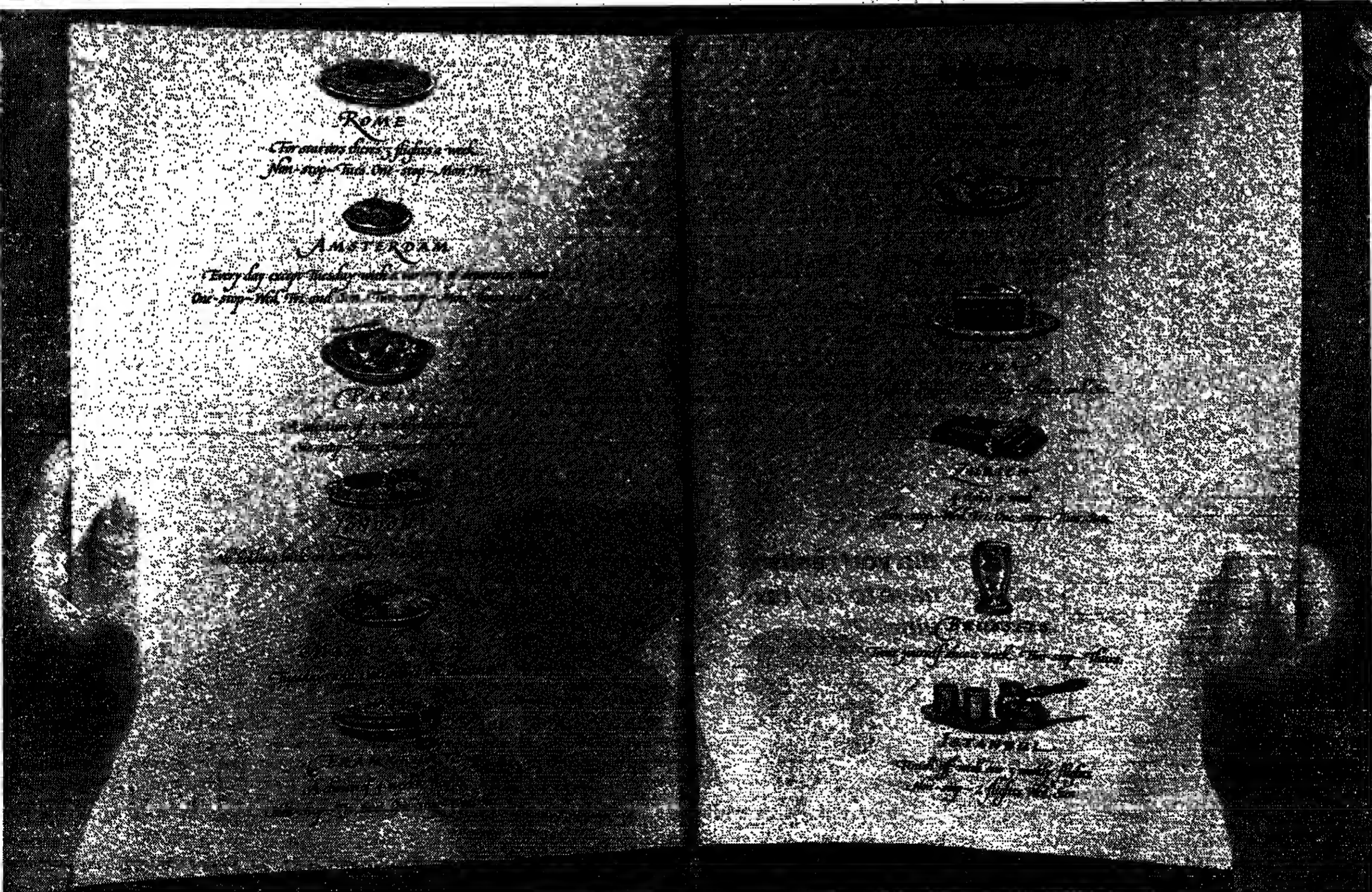
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FINANCE & THE FAMILY

Flotation row changes course; reports Sara Webb
Compensation payouts anger Abbey investors



Sir Campbell Adamson, the chairman of Abbey National

THE FLOOD of complaints about the recent Abbey National flotation has changed course. Now, investors are protesting that the compensation awarded for the money they lost is far from adequate.

One of the main complaints by Abbey members was that the cheques they sent to cover the cost of additional shares were cashed as much as one week before the flotation date of July 12, whereas the refund cheques often did not arrive until several weeks later.

who are claiming for three hours of lost time and, frankly, we're not paying that kind of money," said the spokesman. He added that the bank had received claims from "a lot of charlatans," some of whom had "grossly exaggerated" the amount of money lost because they had borrowed or taken cash out of their savings accounts.

Andrew Hill finds that North Americans can't buy a stake
Dry outlook for water float

OIL MAGNATES from Texas, Manhattan property tycoons and Californian film moguls are in for a dry autumn. They may have dollars burning holes in their pockets but they will not be able to spend them on a stake in the water and sewerage businesses of England and Wales.

Shares in the 10 British water companies are almost certainly going to be placed with large US and Canadian institutions, according to UK government announcements this week. But because of stock market regulations in those countries, the water issue is closed to private residents there.

rules on securities. Potential investors in further-flung parts of the Continent should also bear in mind that it is worth applying for shares only if they are likely to have enough time to read the mini-prospectus (on all 10 companies) and lodge their applications before the closing date.

private shareholder outside the UK. Apparently, some individual investors drawn from the ranks of the mega-rich are habitually offered the chance to underwrite large privatisations. If you have to check whether you're one of them, you probably aren't on the list.

WATER PRIVATISATION

The office has received 1.5m inquiries already despite a poll on Radio 4 last week which revealed that only 4 per cent of the population intended to buy water shares. That poll was carried out in the first week of the latest advertising campaign.

Grievances that won't die away

FORMER MEMBERS of the Abbey National Building Society who still feel they were hard done-by during the recent flotation will have been disheartened by this week's news that John Redwood, junior minister at the Department of Trade and Industry, has rejected Labour Party calls for an investigation.

at the FT is anything to go by, many people will not be satisfied by this answer. The grievances that attended the flotation show little sign of dying away, although the group itself regards the problem of distributing share certificates as resolved almost entirely.

Alexander Sandison, vice-chairman of AMAF and one of those members disbarred on a technicality from receiving free shares, has collected a cheque for £500 from Abbey National after suing it in the small claims court.

case in the small claims court and demanded £500 damages. Abbey National did not reply within the required 15 days and, therefore, lost the case.

IN THE NEWS
Societies hit back

SOME BUILDING societies are starting to hit back at the higher rates on deposits being offered by the banks. Whatever happens to base rate, several societies are guaranteeing interest rates at high premiums on new savings accounts.

this is not a fixed rate, but Skipton guarantees that the Excel bond will always be at least 4.5 per cent higher than its paid-up share rate.

General Accident is giving away reflective horse leg bands to coincide with the re-launch of a "horse and rider" insurance policy. A pair of the bands, used for improving the visibility of horses in poor weather, will be sent to anyone seeking details of the policy.

Commercial Union is cutting the cost of home contents insurance. It is offering up to 30 per cent premium reduction in selected areas; 20 per cent discounts for first-time house-buyers; and 5 per cent discounts to members of Neighbourhood Watch schemes.

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FINANCE & THE FAMILY

David Cohen outlines the pros and cons of company share-buying schemes
An option well worth considering

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A SOPHISTICATED FT reader would surely be sceptical about an investment opportunity offering, at best, the prospect of a spectacular gain and, at worst, an annual tax-free return of more than 7 per cent. Such scepticism would for once be unjustified — this is a fair description of what it means to be granted a savings-related share option by your employer. And the terms of such options can now be made even more generous as a result of changes announced in this year's Budget.

Approved savings-related share option schemes — to give them their full title — were introduced in the 1980 Finance Act. The crux of the scheme is that participating employees are offered the "option" to buy shares in their company in the future at a price fixed when the option is granted. Until this year the price payable had to be at least 90 per cent of the shares value at the grant date but this has now been reduced to 80 per cent. In other words, employees can be offered to employees at 20 per cent below their current market value.

Apart from the share option, the other key feature of this type of scheme is that it is "savings-related". An employee can only take out an option if at the same time he enters into a five-year savings contract, the ultimate proceeds of which will be sufficient to pay for the option shares.

These contracts are available from either the Department of National Savings or a building

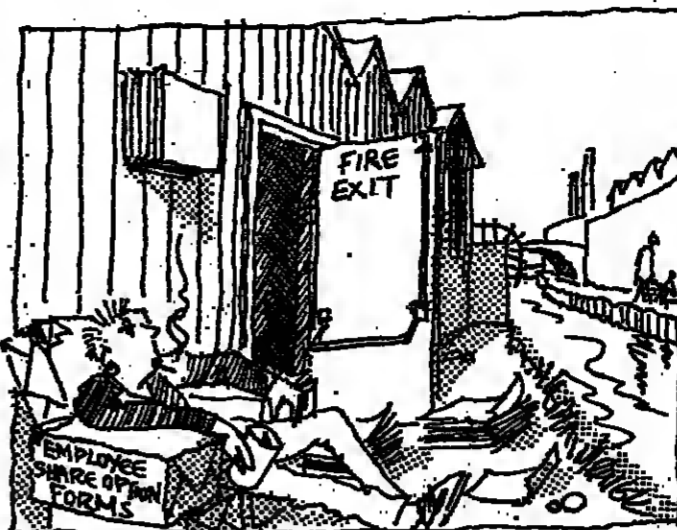
society and provide for monthly contributions of anything between £10 and £150 (the maximum was raised from £100 at the beginning of this month).

At the end of the five-year contract term, the employee gets back his 60 payments together with a bonus amounting to a further 12 contributions, equivalent to a compound annual interest of 7.2 per cent net. Alternatively, if he elected at the outset for a 7-year term, he can leave his money in for another two years without making any further inputs. The bonus then goes up to 24 monthly instalments — an overall return of about 7.7 per cent.

Even taking account of the fact that all the bonuses are tax-free, these returns are solid rather than spectacular when looked at in isolation. The reality is, however, that when the employee cashes in his savings contract, he will also have the chance to exercise his share option.

If the share price has fallen below his option price then he will obviously let the option lapse. But if the market price is higher he will trigger his option and be in a position to make an immediate gain by reselling the shares.

The beneficial tax rules extend to such a gain. Although profits on employees' options are usually taxed as income, participants in an "approved" scheme are, with one exception mentioned below, subject only to capital gains tax. The two taxes are now charged at the same rate



but CGT still offers the important advantage of a 25,000 annual exemption.

To appreciate the combined potential of savings contract and share option, consider the case of Alex. He is granted an option on 9,000 shares in XYZ plc at 80p when the market price is £1. To cover the cost, he takes out a £720 per month contract. After five years he has saved £8,000 and a £1,200 bonus gives him the £7,200 he needs to take up the shares.

Assume XYZ's price goes up at an annual rate of just 19 per cent. By the end of the fifth year it will have risen from £1 to £1.61. If Alex exercises the option to buy the shares at 80p and then sells at £1.61 he will net £14,490. Since his total investment was only £8,000, he has more than doubled his money. Bearing in mind that

the employee loses his job or his employer is taken over before the fifth anniversary.

The scheme rules will sometimes provide that the option lapses, in which case the employee's only alternative will be to withdraw his savings and receive a reduced rate of interest (6 per cent per year after the first year of the contract) or keep the contract going to maturity.

Even if the option can be exercised early, the potential profits will be curtailed. This is because a premature exercise of the option is restricted to the number of shares which can be purchased with the accrued proceeds of the savings contract at that time — inevitably, a smaller sum than if the contract had been completed.

Suppose that, in the earlier example, XYZ plc had been taken over three years after Alex was granted his option.

Alex will by then have saved £3,600 and this will be supplemented by interest of about £160. At an option price of 80p per share, the total proceeds of £3,760 will only be enough to pay for 4,700 shares compared with 9,000 if the scheme had run for the full five-year period.

These lucrative benefits cannot be set aside for specially favoured members of staff. The legislation requires that full-time employees who have served a qualifying period of up to five years must be given the opportunity to participate.

The greatest source of potential disappointment for option holders is if they are prevented from retaining their options for the full term. This will occur if

EXPATRIATES

Load-free home loans

charge a loaded mortgage rate for expatriates because of the perceived difficulty of removing tenants who have over-stayed their contractual welcome should substitute their present practice by insisting on the absentee landlord taking out a legal expenses insurance policy to provide protection of ownership rights.

At present not all lenders offer standard interest rates to expatriates who wish to raise finance to purchase a UK property. But the situation is changing, and a lot more lenders are coming into the expatriate market offering competitive rates. Potential borrowers should not need to pay more than 13.5 per cent currently and there are schemes. Town & Country and BNP Mortgages among them, which offer a significantly more competitive

edge.

BNP Mortgages launched an expatriate mortgage plan earlier this year, originally with an 0.5 per cent uplift on its variable mortgage rate. The 0.5 per cent loading no longer applies. Mortgage loans to expatriates are now offered at BNP's standard rate of 14.85 per cent, which is high but is cushioned for the first six months by a discount of 1.5 per cent on loans over £100,000 and 1 per cent on loans up to £100,000. Alternatively, BNP offers a mortgage loan scheme where the rate is fixed at 13.5 per cent for the first three years. Up to 3 per cent of this can be deferred until the end of the three-year period.

Janet Boswell, manager, direct marketing for BNP Mortgages, says mortgage rates as high as 16 per cent have been reported to her by expatriate potential clients. One of the most competitive contracts around comes from the Town & Country Building Society which is offering a standard mortgage rate of 13.5 per cent on its Expatriate Mortgage plus a discount of 1.05 per cent for the first year, which means an expatriate mortgage can be taken out at a current rate of 12.45 per cent. Most of Town & Country's enquiries are from Hong Kong, but the society is planning to appoint agents in other countries to provide a service to prospective borrowers.

Town & Country is not alone in offering a standard rate mortgage to expatriates. Halifax adopts the same practice and so too does Nationwide Anglia which launched a fixed

rate mortgage earlier this month with interest pegged to 12.5 per cent for the first three years.

Nationwide Anglia treats mortgage applications from expatriates on the same basis as applications from UK residents, provided the expatriate has a right of residence in the UK.

John Darby, marketing director of John Charcol, mortgage adviser, says if the expatriate's salary is not paid in sterling, a foreign currency loan arranged offshore might be suitable.

As to the type of mortgage, Darby confirms a trend towards interest-only mortgages both where the expatriate is planning to return to the UK and where the property is purchased as an investment. It is possible to arrange an interest-only mortgage over 25 years where a loan of up to 75 per cent of the purchase price is required, he says.

Peter Gartland

Peter Gartland is Editor of The International, the FT's magazine for expatriates.

ONE PERSON'S cloud is usually another's silver lining. While many houses owned in the UK are suffering a drop in the value of their property, a number of mortgage lenders are reporting brisk business from expatriates wanting to buy a house in the UK either to live in on their return or as an investment.

Traditionally, mortgage lenders have justified a higher interest rate for expatriate borrowers on the grounds of the greater risks involved when the owner is overseas and the property is let. But there is now much less justification for a premium rating following the introduction of the 1988 Housing Act. This legislation gives landlords the right to recover possession at the end of a tenancy provided they can show that the property is required for their private residence.

Alternatively, if the landlord has already given prior notice to the tenant, he can recover possession irrespective of whether he intends to occupy the property himself. Lenders who continue to

Problems with trees

ON ONE side of my property, approximately two to three feet on my neighbour's side of the party line, are several mature trees. Every year with my neighbour's consent — and, I may add, with his disapproval — I have had the tree branches trimmed.

This is because they overhang my driveway, causing a nuisance with dropped pine needles, cones, twigs and an abundance of leaves in the latter part of the year.

In conversation with my neighbour he tells me that the trees were here before I moved in and that I must put up with the problem. Can you advise me if there is any course of action I can take?

■ You can only continue to do what you have been doing. You are entitled to cut the trees back to the line of the boundary.

A case for resigning

MY LATE father established a trust, the income going to me for life and the capital being divided equally between my two children on my death. I and a friend of mine are the trustees. The trust investments include holdings of 10 per cent Treasury Stock 1992 and 11.2 per cent Treasury Stock 1996. These stocks were sold in June 1987 and the proceeds included accrued income paid gross.

The Inland Revenue has ruled that this accrued income does not form part of the trust income and is assessable on the trustees; furthermore, regardless of my own tax position (I am retired and a basic rate taxpayer) the accrued income is assessable at additional rate tax of 18 per cent. If the inspector is right, what is the reasoning behind the legislation?

The accrued income is clearly part of my income as the life tenant and I have to pay the tax on it. To classify it as not part of the trust income and assessable at a higher rate seems illogical, arbitrary and unfair.

■ Yes, the taxman is right (by virtue of paragraph 8 (a) of schedule 23 to the Finance Act 1985).

The accrued-income element in the sale proceeds of the stocks is part of the trust's capital. It does not form part of the trust's income as life tenant. If the trustee has in fact paid the accrued-income element over to you as life tenant, it should be paid back into the trust forthwith. As you and your co-trustee appear to have misunderstood the terms of the trust (so far as we can deduce the facts from your brief outline), we recommend that you both have a talk with a solicitor — after giving him or her a chance to look at the trust deed beforehand, of course. Because of the invidious position in which you find yourself, as a trustee incorrectly paying trust capital to himself as life tenant, you may wish to consider resigning your trusteeship.

A brief leaflet on the accrued-income scheme is obtainable from the tax office to which the trust returns are made: ask for IR85.

Reducing liability on house

MY WIFE and I were very interested in a recent Briefcase letter headlined "Joint-Owned Investment".

Do we infer from your answer that when one of the spouses dies, handing over one-quarter of the house to the children (with the surviving spouse continuing to live there) would be an allowable method of — reducing inheritance tax on the death of the second spouse?

■ It is important to be able to show that a gift which qualifies to reduce your liability to inheritance tax does not have a benefit reserved to the donor. The risk in giving a full 50 per cent away on the first death is that it might be argued that the surviving spouse's continued occupation

of the house is not as of right (because of his or her 50 per cent share) but because there is an express or implied condition attached to the gift of the other 50 per cent not to deprive the surviving spouse of possession.

A gift to children of only a 25 per cent interest in the house should be effective to prevent there being a claim that there is a benefit reserved.

If such a claim were to succeed it would negate the tax efficiency of the gift to a child, so that inheritance tax on the owner's death would be calculated on the value of the whole of the house.

It is doubtful whether the continued residence of the child in the house would be sufficient to deflect the risk, although it may well diminish it.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for any consequences that may arise from reliance on the information contained in this column. All responses will be answered by post as soon as possible.

Community charge

If I give my five-year-old nanny the wherewithal to pay the Community Charge, is that:

1. A gift?
 2. A benefit in kind?
 3. Income on which tax and national insurance contributions are payable?
- The right answer is 3: as the discharge of an employee's personal pecuniary liability by the employer, if paid direct to the local authority, or as remuneration (if paid to the employee herself).

personal pecuniary liability by the employer, if paid direct to the local authority, or as remuneration (if paid to the employee herself).

Not liable for poll tax

MY WIFE and I spend every three and six months between year in the UK staying with our two sons who both have their own houses here. The rest of the year we live abroad.

Could you advise me on whether the Community Charge will be payable by us when residing with one or other of our sons and, if so, whether this is on a pro-rata basis for the number of months in a year spent in the UK?

■ On the facts which you state neither you nor your wife should become liable to pay the community charge.

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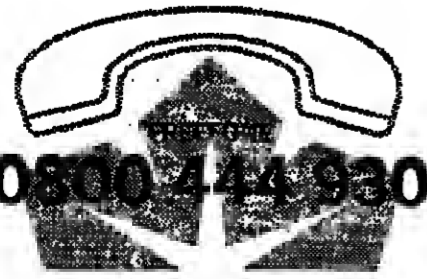
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MINDING YOUR OWN BUSINESS

IF SMALL British businesses are to trade usefully in the growing European market, and position themselves to benefit from the post-1992 era, one obvious route is selling style and services that have until now been peculiarly British.

cool ability of the British female to "mummy" people. She and her team recruit foreign businessmen and their families, and sort out rented accommodation, schools, and the thousand-and-one problems that face families in a strange country.

three years old, she is now moving decisively into continental Europe. David Kemp, 42, has always enjoyed skiing. His new firm is investing £1m buying chalets in the French Alps to provide first-class facilities for exclusive private parties prepared to pay high prices.

that the British had invented - and in which many of them like to take part when they head for the slopes. His new firm is investing £1m buying chalets in the French Alps to provide first-class facilities for exclusive private parties prepared to pay high prices.

Alpine holidays that follow the party line

IN DAVID Kemp's opinion, the travel business has many similarities with publishing in Britain. He feels the main difference is that travel is about 10 years behind publishing, having not learnt yet to market holidays selectively, or to provide the consumer with holidays tailored to choice.

Kemp's new business is called The Ski Company. He believes you can arrange ski chalet parties properly only if you own, manage and staff the chalets. He and other private shareholders have subscribed £20,000 so far and are committed to a further £550,000 to buy a small number of chalets and villas in the French Alps.

five double bedrooms with en-suite bathrooms and will be in the charge of a house manager and a holiday manager (whose job it will be to make sure that the skiing and the partying go with a swing). "We are pricing ourselves at almost the levels of a four-star hotel," says Kemp. "We are aiming to attract the 30- to 45-year-old high earners."



David Kemp... wants to discover what clients really want

Roy Hodson

Building a tradition of arranged carriages



Nicola Balmel, centre, with two of her counsellors

FROM THE Pre-Arrival Pack sent to families before they arrive in Britain, to the Survival Pack given to them as they settle into their new homes, nothing is left to chance by Nicola Balmel and her team of three permanent and three part-time counsellors at Corporate Relocations. She has brought a clinical efficiency to the job of looking after busy executives and their dependents who are on the move.

Balmel takes it as a matter of course, for instance, that new arrivals will want a list of local swimming baths and health centres as well as information on more routine matters such as bank permits, VAT, medical care and insurance, and driving licences. The service also includes collection from the airport and organising short-term accommodation.

Right at the start, she determined that her business would have an identity of its own so she spent £8,000 (which she could ill-afford then) to provide her concept of Corporate Relocations with a house style for all print-work, and a logo. The strong company identity she developed is now serving her well as she begins an overseas expansion programme.

The idea of establishing licensed offices abroad ("It is definitely not a franchise concept," Balmel insists) was tried out first when she helped a friend, Annabel Green, open a Corporate Relocations office in Paris. It has worked so well that a second licensed office is opening this month in Madrid, and others are to be launched shortly in Hamburg, Faro and Geneva. Next, it's the world.

MINDING YOUR OWN BUSINESS

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Legal Profession The Financial Times proposes to publish this survey on: 20th October 1989 For a full editorial synopsis and advertisement details, please contact: Wendy Alexander on 01-873-3524 or write to her at: Number One Southwark Bridge London SE1 9HL

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When left is right



Kevin Kiely... help for lefties in a right-thinking world

PRACTISING the principle that doing something different can improve your prospects for success, 34-year-old Kevin Kiely has launched a mail-order business for left-handed people.

Right at the start, she determined that her business would have an identity of its own so she spent £8,000 (which she could ill-afford then) to provide her concept of Corporate Relocations with a house style for all print-work, and a logo. The strong company identity she developed is now serving her well as she begins an overseas expansion programme.

As at least 10 per cent of British people are left-handed (although some estimates say the real figure is around 25 per cent), Kiely foresaw a minimum market of more than 5m for such items as left-handed corkscrews (they are turned anti-clockwise), golf clubs, potato peelers, secateurs, and even birthday cards that open back-to-front.

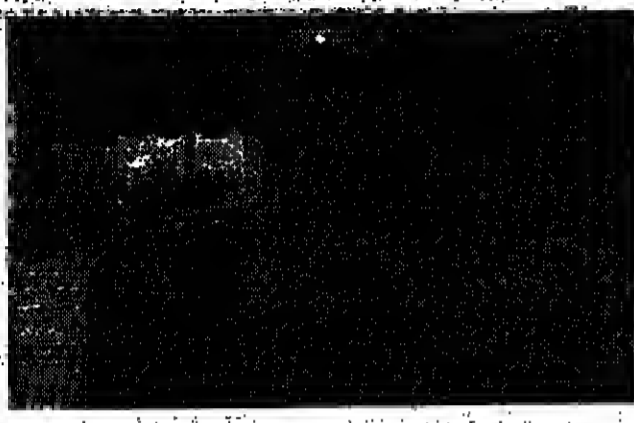
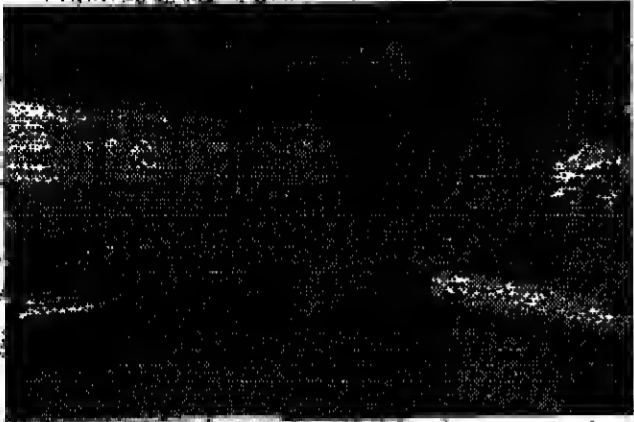
There are companies in Britain and continental Europe making all these items, and many more. Kiely set about tracking them down for inclusion in his catalogue. He says: "I was soon very disappointed to find that many firms in Britain regard left-handed people as a minority market which is not worth catering for. Some firms would not consider adapting their products because I could place only small orders."

Ian Macgill

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About 9 Acres.

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Tel: 01-499 4155

Humberts Residential

Wiltshire/Dorset Border 10 1/2 acres

Shaftesbury 9 1/2 miles, Salisbury 5 miles (Waterloo under 2 hours), A303/A35 5 miles.



A handsome house situated in an area of outstanding natural beauty. 4 reception rooms, 6 bedrooms, 3 dressing rooms, 3 bathrooms, cloakroom, kitchen/breakfast room. Oil central heating. Garaging, outbuildings and stabling. Garden, Paddock, Annex with hall, sitting room, kitchen, bedroom, bathroom. Price Guide: £275,000 Freehold with about 10 1/2 acres. Details: Shaftesbury Office, Tel: (0747) 534882 116837/LNS

Berkshire Ascot Central London 26 miles, Ascot 1/2 mile

(British Rail Waterloo 45 mins.), Windsor 5 miles, M3 J3 5 miles, M4 J8 5 miles, Heathrow 20 minutes.



An elegant Georgian Style home, luxuriously appointed with spacious accommodation ideally suited for entertaining. Reception hall, 4 reception rooms, 2 bedroom suites, 3 further bedrooms, bathroom, cloakroom, kitchen/breakfast room, utility room. Garaging for 3 vehicles. Heated swimming pool, pool house, workshop. Mature gardens and grounds of about 1 acre. Freehold for Sale by Private Treaty. Details: Humberts London Office, Tel: 01-629 6700 01034201/MPFR

North Yorkshire

Hovingham Malton 6 miles, Molesey 6 miles, York 16 miles, A1 24 miles, Teesside 42 miles, Leeds 41 miles.



A fine former vicarage with superb reception rooms and entrance hall set in a private walled garden in a lovely estate. Reception hall, 3 reception rooms, master bedroom suite, 5 further first floor bedrooms, bathroom 2, large cloakroom, kitchen room, domestic office, utility room, 3 attic rooms. Oil central heating. Walled garden. Offers in excess of £250,000 For the Freehold. Detached coach house block also available if required with potential for conversion to further self-contained accommodation. Details: York Office, Tel: (0904) 611828 21/285FJP

Bedfordshire

Shillington village 1 mile, Hitchin 5 miles/BH Kings Cross 35 minutes, London 40 miles.



A delightful small Residential Estate. Lot 1: Shillington Manor. Entrance hall, 4 reception rooms, 7 bedrooms, 2 bathrooms, cloakroom, domestic office. 2 period barns suitable for conversion, subject to planning. Range of traditional outbuildings. Garaging and loose boxes. Mature wooded garden and grounds with 1/2 acre lake. In all about 23 acres. Lot 2: A useful block of arable land with good road frontage. In all about 22 acres. Lot 3: A block of level grazing land with good road frontage. In all about 19 acres. Freehold for Sale by Private Treaty. As a whole or in 3 lots. Details: Hatfield Office, Tel: (07072) 75351 014777/MPFR

Sussex 142 Acres

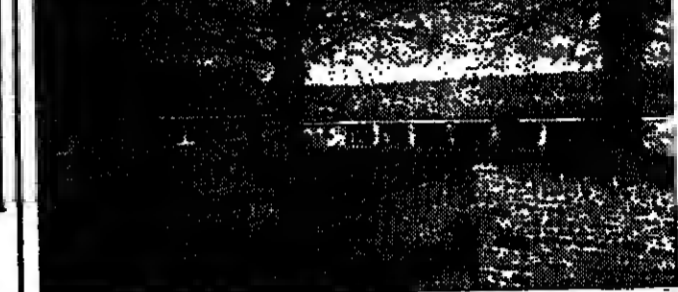
Burwash 1/2 mile, Heathfield 6 miles, Tunbridge Wells 16 miles, Eatchingam 3 miles (London 65 minutes).



A residential block built with considerable sporting potential and spectacular views over the Rother Valley. The principal house comprising a pair of brick built cottages now forming one dwelling, with a total of 3 reception rooms, 6 bedrooms and 2 bathrooms. A range of modern and traditional farm buildings with potential for residential conversion. Arable, grassland and woodland. Additional land totalling about 45 acres available by separate negotiation. Considerable potential for creating leisure based enterprises utilising the river frontage, natural topography and privacy of location. In all about 142.78 acres. For sale by Private Treaty. As a whole or in 2 lots. Details: Humberts London Office, Tel: 01-629 6700 Humberts Lewes Office, Tel: (0273) 478828 014012/NAL

Wiltshire

Chippenham 4 miles (Paddington 1 hour), M4 4 miles, Bath 13 miles.



A most luxurious barn conversion in a rural setting. 3 reception rooms, 4 bedrooms, 3 bathrooms (2 en-suite), cloakroom, excellent kitchen/breakfast room. Oil central heating. Garaging for 2 cars. Walled garden. Details: Chippenham Office, Tel: (0249) 444525 Cluttons Bath Office, Tel: (0225) 489511 105054/DMLB

Hampshire

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North Yorkshire 470 Acres

York 7 miles, Selby 7 miles, Leeds 27 miles, M62 12 miles, A1 17 miles.



A traditional residential and agricultural estate with a substantial principal house, let village properties and development potential. The Georgian Hall having 3 reception rooms, 6 bedrooms, 4 bathrooms, domestic office, outbuildings, garden and grounds. Two let farms and 17 houses (the majority subject to tenancies). Two ranges of traditional farm buildings and a number of further sites suitable for development. Arable, pasture and amenity woodland. Gross rental income totalling £23,720.00 per annum. In all about 470 acres. For sale by Private Treaty. As a whole or in 30 lots. Details: Humberts Agricultural Agency Department, Tel: 01-629 6700 York Office, Tel: (0904) 611828 01028591/NAL

SAVILLS



WILTSHIRE - Salisbury, The Cathedral Close
London 63 miles (Waterloo 67 minutes).
Superbly appointed mainly timber house in lovely setting within the renowned Close with magnificent views of the Cathedral.
3 reception rooms, master bedroom suite with shower room, 2 further bedrooms, bathroom. Oil central heating, walled courtyard, parking space/Small private garden plus use of adjoining superb gardens stretching down to the River Avon. Leasehold 99 years.
Savills, Salisbury, Tel: (0122) 204622. Contact: Christopher Lacy



WILTSHIRE - Downton
Salisbury 6 1/2 miles (Waterloo 1hr 27 minutes), Southampton 18 miles, London 69 miles.
An historic manor house, formerly the home of the family of Sir Walter Raleigh. 5 reception rooms including The Great Parlour, 5 bedrooms, 2 bathrooms, shower room, oil central heating, double garage, garden. Detached 4 bedroom cottage. About 1.94 acres. Offers in the region of £500,000.
Joint agents: Woolley & Wallis, Tel: (0722) 217111.
Savills, Salisbury, Tel: (0722) 204622. Contact: Christopher Lacy.



WEST SUSSEX - Near Horsham
Horsham 3 miles (Victoria London Bridge 50/55 minutes), A23/M23 9 miles, Gatwick 14 miles.
A magnificent opportunity to purchase this historic manor house in an outstanding setting. 4 reception rooms, 3 bedrooms, dressing room, 2 bathrooms, garage, indoor swimming pool complex.
Exceptional landscaped grounds with views towards the South Downs.
About 7 1/4 acres. Further land may be available.
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Savills, London, Tel: 01-499 8644. Company Post Transactions.



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Savills, Lincoln, Tel: (0522) 534691.
Contact: Roland Mackin or Tom Hewitt.

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PASCOE East Preston Office 0903 774230
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Manchester office: 0872 34545 London office: 01-499 7154
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STRUTT & PARKER 13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL 01-629 7282



HERTFORDSHIRE
St Albans 8 miles, Harpenden 6 miles, A1M (J4) 4 miles, M25 15 minutes. Harpenden Thames link/Kings Cross 29 minutes. A well presented Georgian style house standing in gardens of about 1/2 acre. 3 reception rooms, 3 bathrooms, 4 bedrooms. Double garage. Excess £420,000.
Joint sole agents: Lane Fox, Harpenden, Herts. Tel: (0582) 764343.
Strutt & Parker St Albans Office: Tel: (0727) 40285. Ref: 16A0181



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NORFOLK - East Tuddenham
Norwich 9 miles, Dereham 6 miles.
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About 7 3/4 acres. Offers invited
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Ipswich Office, 11 Blauvelt Street, Tel: 0473 214941

PROPERTY

Homes will sell if the price is right

John Brennan on why "bargains" and cut-price offers may not be all that they seem.

IN A UK housing market that at present is attracting only scavengers, one popular way of trying to attract buyers is to appeal to their bargain-hunting instincts. As a result, by no means all the "Distressed Sale" and "Must Sell" advertisements that appear are from homeowners who have genuinely fallen down the gap between their income and their loan payments. In among the genuine "distressed" sales there are, in Emily Anson's experience, a fair number of far from distressed speculative vendors.

Anson's relocation and home search agency in London involves her in tracking down properties for investors. "I have followed up a number of these 'must sell' claims," she says, and I have yet to find anywhere where the price has been reduced significantly.

"This 'roll over and play dead' tactic is not restricted to London. With estate agents across Britain reporting that prospective buyers this summer have commonly been viewing 30, 40 or more properties before making up their minds whether to buy or not, it is understandable that vendors should be keen to give their home any sales advantage they can think of. But simply calling a house or flat a "bargain" is not a guarantee of attracting a viewer, let alone a buyer.

"Bargain" selling only works in a specific set of circumstances. Bargains appeal to impulse buyers, and unless there is a genuine price reduction on offer the play only works when those buyers are a little vague about correct values. Cut-price offers also lose much of their impact if the buyers think that the sales are going to last a long time. Only a few of these points translate to the housing market now.

The caution and patience of most home hunters pretty well explodes hopes of drawing an impulse buyer through the front door. As for boosting the asking price only to increase the theatrical effect of a subsequent price reduction, that stands little chance of impress-

ing people who will have seen a dozen or more other properties and whose sense of housing values will be as acute as any surveyor.

The one bargain angle that might have some mileage in it for sellers is to play the "buy while stocks last" theme. This needs adapting to sound the warning that the market has bottomed-out and that the opportunity to stroll through as many other people's living rooms as you fancy, offering a small percentage of the asking price to take it off their hands, will not last much longer.

This in turn begs the multi-billion pound question of whether the housing market is on the turn, or not. There are signs of a revival of interest in quite a few sectors of the market after a sluggish spring and summer, but it would be reckless to risk a house sale on the hope that any prospective buyer can be rushed into picking up a bargain before the residential "sales" come to an end.

So, what can a would-be seller make of the market today, and how can they best approach the business of getting a sale?

If there were any certain answers to those questions there would not be so many worried British homeowners now considering sales by lottery, or lugging their property particulars around from sales agent to sales agent in the hope of catching one with a real, live buyer on their lists, or attempting their own marketing programmes - whether pleading the "bargain" sales angle or not.

Selling a house yourself is a tempting option when the professionals seem stumped. Tempting, but not as simple as it looks. John O'Callaghan, the brilliant former estate agent whose works include such self-improvement books as *How to Make Your First Million: An Entrepreneur's Guide to Success, Money and Power*, believes that selling it yourself is a realistic option on the grounds that the best person to sell a property is the one who

knows it best, and the one who has most to lose if the place isn't sold fast - and that's the owner. Working from that base, and injecting his theme with a mass of sales tips, O'Callaghan's *How To Sell Your House Without an Estate Agent!* (published by O'Callaghan's own European Entrepreneurs Association at £9.95), provides a common sense guide to the self-selling job.

O'Callaghan approaches the business of property selling with a pace that drives even the casual reader on through the checklists on value, preparation of a property for visitors, preparing your own sales particulars, advertising and turning a queue of viewers into a line of anxious bidders.

He tackles the problems of oddly-named houses, how to create the best first impression and how to sift the buyers from Sunday afternoon trippers - "his boring, let's go look at some houses" - and a cast list of other time wasters.

As O'Callaghan says: "The house has to look right and it has to be priced right. Given those two factors, the rest is just a matter of common sense." No sales agent would disagree with that, and O'Callaghan's self-sales thoughts would certainly not be wasted on an owner who decides to appoint an agent.

For every owner who bemoans the service they receive from their agent there is a wine bar full of agents bemoaning the standard of their clients. O'Callaghan readers might well drive their agents mad by passing on their "how to" tips, but at least they might be expected to keep the place smell-free, take the marketing efforts seriously and resist the temptation to chip in with gory details of the dry rot or the neighbour's vicious dogs when their agent is smiling his way around the property with a prospective buyer.

On the face of it, it would seem sensible to have two or three agencies trying to find buyers for a property. In practice, of course, multiple agency means multiply-divided sales

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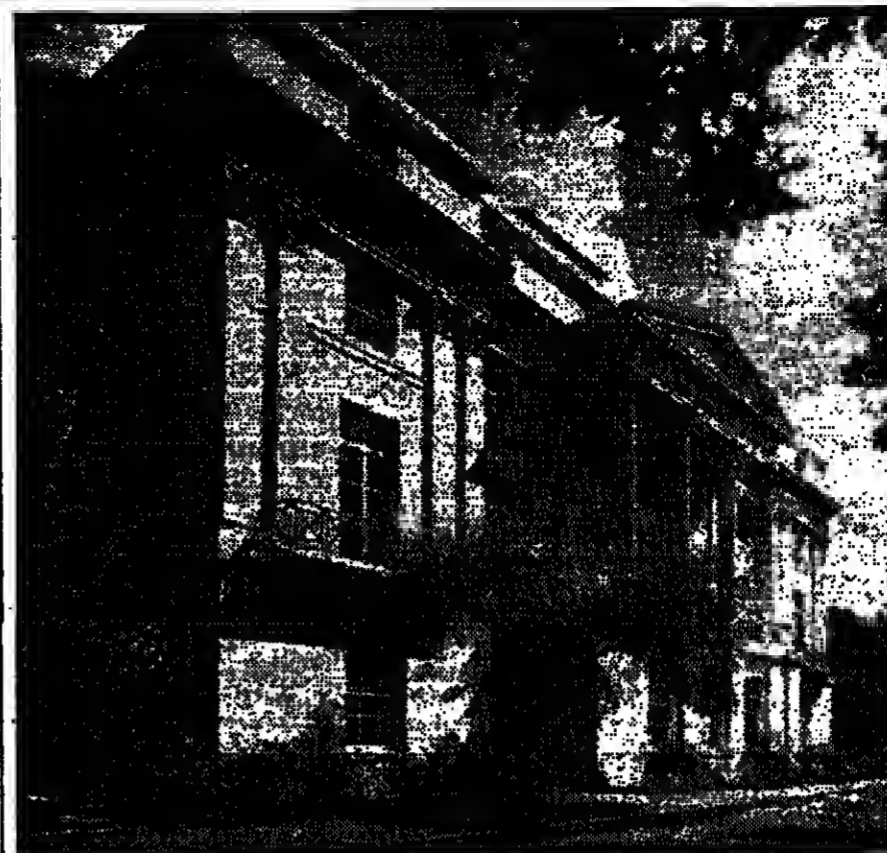
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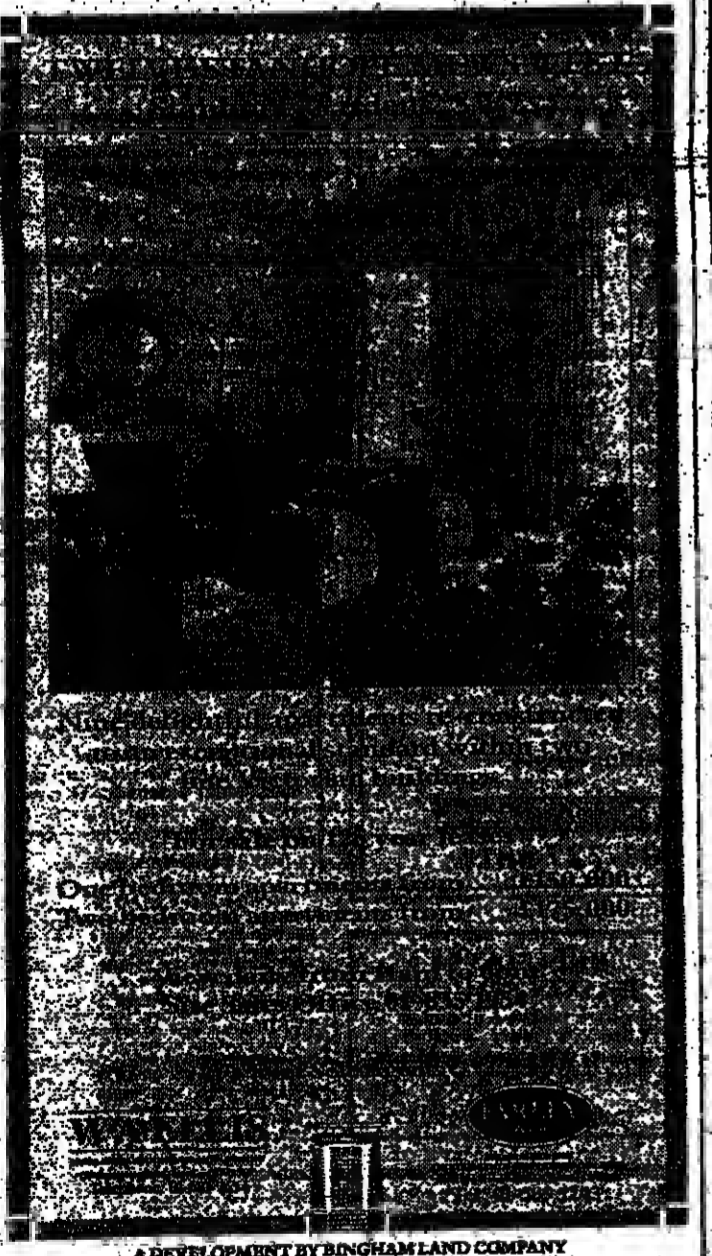
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FISHING

Just a moment of pleasure

Why Michael Wigan thinks angling is a worthwhile activity

TO MY surprise, an article I wrote for Weekend Travel (June 17) about bonefishing got the animal rightists all hot and bothered. Nor was their objection that playing the fish sounded too much fun. The problem, apparently, was that the fish successfully caught were released again. Had they been eaten, I assume, catching them would have been more acceptable.

What a curious idea! I am sure that the poor bonefish would not see it that way, because the Christmas Island tradition is barbed flies, or crimped-down fly hooks, and the metal is simply reversed through the fish's bony mouth leaving him to rejoice in his fellow without any serious hurt. Better a few minutes of rough treatment and then a return to the vasy den than the struggle followed through with a decisive tap on the head.

The idea that fishing is somehow justifiable if what is caught is eaten would drive a wedge through the ranks of fishermen. Unhappy the man who caught a 200 lb halibut in the Pentland Firth and had to eat it all. Or the marlin fisherman in Kenya. It would make him give up fishing. Would it be alright? Would you have to pack up and leave if you were successful straight away? I have seen fishermen in the Brazilian Pantanal, where the freshwater fish can weigh hundreds of pounds, carting mammoth freezer crates home. This removal of the larger fish has happened to such an extent that it is upsetting the ecosystem, and has led to a dangerous increase in the numbers of

piranha. Is this what we should be doing? Of course not. Catch and release is the very pivot of the whole North American conservation strategy: fish for man and man for fish.

The concept of food-fishing only illumines a terrible confusion. Game fishing - or for that matter shooting or stalking - is no longer primarily for the pot. Stalking ceased to be a larder-filling exercise and became pure sport about six centuries ago. One of the killed beasts was roasted as a fitting culmination of the day. Part of the ceremony, and the adornment of the carcass with garlands and so on, was a tribute to the animal's nobility. Sport evolved from the greater efficiency of hunting techniques.

Equating the modern game fisherman with a primeval hunter is to confuse him with an Eskimo bobbing his baits through a hole in the ice. If the fisherman has a hungry gleam in his eye it is not from his belly that the fire is coming but from his hunting instinct, and an indefinable desire somehow to get to grips with nature, a part of nature occluded from man's ordinary view.

It should not be necessary to point out to anti-game fishing people that the tackle is refined down to what will create the fairest contest, with the balance of success lying always with the quarry. For anyone who just wants a fish limping at the other end there

are a number of things which will unfailingly hook fish if they are around. But a fisherman's joy is to deceive, hook, play and land fish on his terms, and on the lightest tackle.

In passing, let me mention the 1988 fishing mega-story



from Canada, which made a national hero of its subject overnight. An Atlantic salmon weighing 62 lb (by photo-deduction: it was returned to the river) was caught on a dry fly using a 1 lb breaking strain nylon. Probably only one man in 1,000 would have the skill, delicacy and luck needed to bring that fish in. Who would

want to deny such a master his place in the limelight?

You may argue - to hell with the fisherman and his concern with fair play and light tackle, which only means that the fish is being strung out, filleted and gapped, for even longer. What about the fish? A fish, you may say, was not created for man's pleasure in this perverted form of combat.

Unfortunately, in many cases this simplistic view is no longer tenable. Off Christmas Island the bonefish would soon be killed into extinction if the Government of Kiribati was not determined to protect it for the game fishing industry. Bonefish, although inedible, has a value for fishmeal processors in Hawaii. If the bonefishing of Christmas Island folded up, the only meaningful income-producer for the 1,000-strong community would go too. The island would become depopulated, as other Pacific islands are becoming, starved of imports and strangled by servicing costs.

Take salmon fishing. Without it Scotland would lose a hugely valuable asset, assessed as its next major-spinner after whisky. What with the tackle shops, gillies, fishing rents, netmen, sporting agencies, processing and smoking industries, hotels and associated suppliers, salmon supports the Highland economy in a very substantial way.

If convinced of the inhuman-

ity of salmon fishing, the Government could wind down its involvement in the North Atlantic Salmon Conservation Organisation, ground its spotter planes and allow rogue nations to net the king of gamefish to extinction in the wild. But it is not much use objecting to the treatment of a fish at an angler's hands when the alternative is the fish's disappearance.

Really, the nub of the anti-reaction is the pleasure element. Any argument about the humane killing of fish stumbles immediately on the commercial sea fishery. Cod, mackerel, plaice and the others are tossed into the hold and suffocated to death by the weight of their equipping fellows, squashed alive in a horrible mass burial. But what consumer would be prepared to pay the price increase resulting from such individual cooking getting its own tap on the head?

Let us be serious. The problem is not that it hurts the fish; it cannot be that the fish isn't going to be eaten; it has to be that someone is getting pleasure out of it. This is indeed a thorny issue. Pleasure is a terrible thing, often inspiring hostility and scorn in those who hear about other people obtaining it.

There is a hint of green-eye among the puritans. Many former pleasure anglers are now attacking such smoking activities which harm, exploit, even

impinge on the environment, are in the forefront of criticism from the indefatigable pleasure-curling minorities. These sourpusses are having a field-day. However, fishermen are a formidable enemy. With more than 4m devotees in Britain, fishing ranks as our most popular pastime.

What will defeat the anti is that we are in the dawn days of leisure. Recreation and pleasure must be catered for on a new scale. The sunrise sports - sailboarding, microblighting, waterbiking and so on - all impinge on the environment somewhere along the line, whereas well-managed fishing is environmentally friendly. The game fisherman flicking out his curling line, sitting alone in a boat on a rain-obscured loch or canal bank or standing in mesmerised concentration at a mysterious pool of teasing water, is an innocuous, contemplative figure, part, almost, of the natural order. Generations of cartoonists have found him a figure of fun, addicted to his unworldly, arcane pastime and to ambulating its mysteries with the tallest of storks.

His hours of devotional labour are rewarded by perhaps only a second or two of fishy response. Many a fisherman has complained, only to find in the end that a fish grab is a violation of the soothing rhythm of casting and retrieving. A salmon fisherman can't be seen to be fishing at the end of a blank day and talk obsessively in the bar about the single rise he had: no more than a faint swirl on the water, but it made his day. Who would want to put a stop to such a piteous creature's moment of enjoyment?

Tom Fort

A new angle on fishermen's tales

BY MID-AUGUST, I'd had enough of our chor-oughly un-English summer. I like my hot, sunny days to come as a surprise, not a matter of course. I don't like my garden to have flowers big enough to swallow the dog. More to the point, I don't like my rivers reduced to weed-choked ditches, and my lakes lakewarm and choked in algae, because fishing in such conditions is a waste of time.

But then my spirits were uplifted. First, we had some rain - not as much as we needed, but enough to remind us that the stuff still existed. Second, I received the best new fishing book I have read in years.

It came from Golden Grove, a publishing firm of which I had never heard, and is written by David Street, a man of

whom I had never heard. His title is *Fishing In Wild Places* and, at £12.95, it is the duty of every discerning trout fisherman to buy it.

It is cast in that most difficult form - that of reminiscence, and it tells of experiences in Shetland, the Faroes, north-east England and (most extensively) Ireland. It has the virtue of being written lyrically but not soporily. It is about fishing, yet more than that, Street has the true writer's gift of evoking the spirit of place, unexpectantly, truthfully and memorably. His chapters on sea trout fishing in the west of Ireland made me long to be afloat once again on those windswept waters.

Although Street's book is by far the best to come my way of late, it is not the only one worth reading. John Bailey's *In Wild Waters* (Crowood £14.95) tells of adventures in pursuit of pike, carp and other species in far-flung parts of the realm. It is a handsome book and contains some excellent tales, told vividly. But I feel there is something of an excess of Bailey in it; 42 photographs of the author smacks of self-advertisement.

The *Art of Sea Trout Fishing*, by Charles McLaren (Unwin Hyman £12.95) is filled with the wisdom distilled from a lifetime's experience of fishing Scottish waters. McLaren was brought up on that greatest of

sea trout fisheries, Loch Maree, and for many years ran the Atholl Hotel on Loch Hope. It is evident that he was a tremendous fish-catcher - and a tough one, judging from his advice to abstain from using midges repellent when fishing at night.

He has few pretensions to literary style (he died just after revising the book) but succeeds in imparting his knowledge in a commendably straightforward fashion. However, the book has no photographs and seems rather expensive.

This same publisher has done a great service by reprinting, in a revised edition, Dermot Wilson's *Fishing*

The Dry Fly (Unwin Paperbacks, £8.99). This must be regarded as the standard work of instruction on the subject. It is sane, written elegantly, and lightened by humour and pleasing touches of lyricism. Another man whose spiritual home is the chalk streams of southern England is Conrad Voss Bark. His latest book is called, with touching immediacy, *Conrad Voss Bark on Fly Fishing* (Unwin Hyman £14.95). It gives the impression of having been written at odd moments, in some haste, and without clear sense of direction. Its main argument - that true fly fishing is done in what he calls "the lighter parts of the water, the surface

or upper layers" - seems nonsense to me. But it is, nonetheless, a diverting read and full of rough good sense on other subjects. Finally, I wish to praise a monumental work of scholarship, *Ecology and Management of Atlantic Salmon*, by Dr Derek Mills of Edinburgh University (Chapman and Hall). I doubt if there are half a dozen people alive who know more about the salmon than Mills. There may well not be any. This book assembles a vast mass of information. The fact that it is hard going is neither here nor there. It is important and indispensable. Unfortunately, I cannot imagine that many people will buy it because it costs, believe or not, £45.

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BOOKS

Pioneer of gay lib and animal rights

Anthony Curtis reviews a gay 'boy's' biography that made him laugh and cry

ANYONE WHO has ever wondered what happens to a golden, gay boy who survives into middle and then into old age should read Ackerley. It is one of those rare biographies that make you want to laugh and cry by turns; through strictly factual it has the teasing interior life and narrative sweep of a good novel.

J.R. Ackerley was the author of only a handful of books much treasured by his fellow-writers and friends, now acquiring wider, permanent fame as 20th century clarity in the area of art and fiction-reviewing, which in those days were the only review articles to be signed. Ackerley had a fairly sympathetic editor in C.S. Lambert, who had established the journal from its inception as a haven of refuge for the writings of such people simply as anathema. He would send down frequent directives demanding a change of tack. Ackerley always fired back with deadly accuracy in a beautiful broadside of memos seldom yielding an inch. The fact that he served his full term at the job is a point in favour of the employment structure at the BBC.

Peter Parker's chapter "Inside the machine" should become required reading for anyone who is made the literary editor of a magazine or newspaper. It is the only sustained piece of writing I know to give an accurate account of what this peculiar position entails. Ackerley had in 1935 drifted into the post - as most people do - from more mainstream responsibility at the BBC, which he joined after leaving Cambridge at the end of the war.

The BBC's cultural magazine, The Listener, had been founded in 1929 in

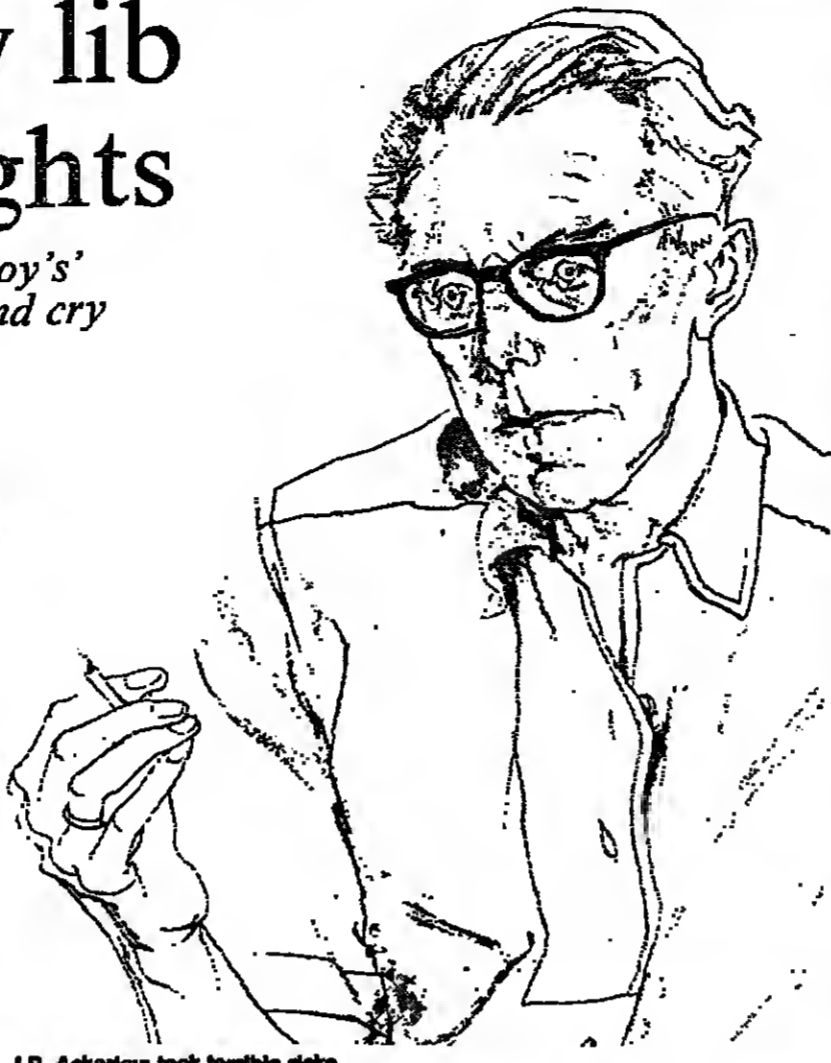
ACKERLEY: A LIFE OF J.R. ACKERLEY by Peter Parker Constable £16.95, 465 pages

the teeth of some ferocious opposition from the other weeklies. It had already acquired a good reputation for publishing book and art reviews as well as poetry. Ackerley, who took over from Janet Adam Smith, raised it to fresh peaks of influence and excellence, particularly in the area of art and fiction-reviewing, which in those days were the only review articles to be signed.

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If his masters had had the slightest inkling of what Ackerley's private life was like, his hold on the job might have been even more tenuous. He was, as he revealed in his autobiography, a highly promiscuous gay with a compulsive urge to pick up "rent" in the pubs around Victoria Street and Horse Guards Parade. He took terrible risks. Ackerley died in 1967 before the Wolfenden recommendations had become law.

Parker goes into all that thoroughly, perhaps a little too thoroughly, and he



J.R. Ackerley: took terrible risks

also reveals the more permanent relationships which Ackerley formed with working-class boys, one of whom - his great love - was a petty criminal. It is not a pretty story. It was complicated by Ackerley's own family situation. He had the shock of discovering on his father's death that the old boy, a pillar of the banana import business, had had a second family by a mistress he had kept secret from Ackerley's mother.

Apart from them, Ackerley also had a sister, Nancy, for whom he became the sole support after her ex-husband's

Black comedy of war

Geoffrey Moore on the psychological impact of the Second World War

DISILLUSION with a war is nowhere more dramatically illustrated than by the turn of events between 1914 and 1918. Rupert Brooke hoped that if he should die there would be some corner of a foreign field etc, but in the end Wilfred Owen gave the lie to Horace's Dulce est decorum est pro patria mori. After the Second World War Joseph Heller and Kurt Vonnegut went further. War is not merely hell; it is an obscene farce, a black comedy.

This is the line which Paul Fussell takes in Wartime. A Professor of English at the University of Pennsylvania, he turned, in the 1970s, to what he calls "psychological and emotional culture." In the current study Fussell undertakes to examine the impact of the Second World War on both soldiers and civilians.

He is concerned with the damage which the war did not merely to bodies but to minds. He sets out to expose the rationalisations and apophenisms which people developed in order to cope with unacceptable reality. Believing that the Second World War, as much as the First, was romanticised by the "sentimental, the loony patriotic, the ignorant and bloodthirsty," he has tried, he says, to balance the scales.

Fussell's relentless documentation of blunders is sickening. For example, on April 28, 1944 nine German torpedo boats cut to pieces 200 ships engaged in an American rehearsal for the invasion of Europe. 740 Americans, says Fussell, were "secretly bulldozed into a mass grave." Rumours proliferated. Nuns were seen to pay bus fares with hairy hands, etc. Among the catalogue of dismembered penises, heads rolling, arms shot off and rotting corpses, Fussell inserts the hawdy songs that we all

know and love and, as befits a literary man, extracts from Alan Lewis, Sidney Keyes, Julian Maclaren-Ross and other well-known wartime writers.

It's all there, and it makes horrifying reading. But somehow it is not as cathartic as it should be. The effect created by Fussell's heavy-handed method is one of distinct uneasiness. The situation was bad enough, but he has loaded the dice. War produces something infinitely more complex than either false heroics or vulgar debunking. That is why the subject needs to be handled with restraint and a sense of proportion.

Fussell pours scorn on the idea that the Second World War was a Necessary War. He considers that it was "a war

and nothing else, and thus stupid and sadistic," hence, it needs to be "demythologised." While granting, readily, that at bottom all war is wrong, it does seem that he has not paused to think what Europe would have been like if Hitler had not been defeated.

Having experienced combat with a rifle platoon in France and been wounded into the bargain, Fussell knows at first hand what he is talking about. But if bravery is often inspired by fear, it is still bravery. The tired fighter pilots of the Battle of Britain, heavily outnumbered and badly trained as they were compared with their German counterparts, did not lose their morale.

The people of blitzed London and other cities did not cave in and cry for surrender. There may have been a disturbing number of deserters among the Allied forces, unspeakable evasions, pipe-smokes which did not mean the shooting down of friendly aircraft, but there was also an inspiring spirit of comradeship and of willingness to work together.

It is a truism, but nevertheless worth repeating, that for all its horror war ironically brings out the best as well as the worst in men and women. William Faulkner said in his Nobel Prize address that Man would prevail because he has a soul, a spirit capable of compassion and sacrifice and endurance. Sometimes there do not seem to be many of these qualities around, but they are there deep down and to deny that they exist at all, as Paul Fussell seems to do, subverts the truth.

WARTIME: UNDERSTANDING AND BEHAVIOUR IN THE SECOND WORLD WAR by Paul Fussell OUP £15, 330 pages

The dancer and the don

Clement Crisp reviews the letters of unlikely lovers

THE IMPROBABILITY of the union between John Maynard Keynes and Lydia Lopokova is rivalled only by the intense happiness it gave to both partners. Bloomsbury was stunned that one of its cherished members had a brilliant economist, a Cambridge Apostol, and it was assumed, a homosexual, should have fallen totally under the spell of what Lytton Strachey called "a half-witted canary."

That the canary was one of the most bewitching dancers of that (or any other) age did not concern Keynes's circle, though they may have noted with despair that the impulsive ballerina's every lightning change of artistic direction was supplied by an adoring public, and the usually unrelenting Diaghilev who had first brought her to the West in 1910.

Virginia Woolf, no devotee of the dancer, identified Lopokova's magic very astutely as "the genius of personality." That Lopokova had a lively mind and a fund of native wisdom was clear to Keynes. What Bloomsbury was to discover was that Keynes and Lopokova had fallen deeply in love and ways by which they were ideally suited to each other and remained thus during the 21 years of their marriage.

Six years ago Milo Keynes edited a collection of reminiscences of Lopokova which provided a beguiling portrait of her as artist, wife, and comrade prior to the paucity of the world. He included a selection of her

letters, whose idiosyncratic grammar, spelling and artfully artless turns of phrase provided a close-up of the ballerina's wayward temperament. Now Polly Hill and Richard Keynes, the economist's niece and nephew, have edited a collection of those daily letters which Lopokova and Keynes wrote during the three years before their marriage in July 1926.

Keynes was then a don at King's, Cambridge, contributing to The Nation, and acting

as an economic guru. Lopokova remained in Gordon Square, in the bosom of Bloomsbury. When not dancing briefly in Paris, every day they were apart, letters were exchanged. They are notes written between lovers, each eager for the least snippet of information about how the other felt, whom they had seen, what excitements (in Lopokova's case) and activities (in Keynes's) had occurred.

But, as this need surprise no-one today when letter-writing has so largely been replaced by telephone chat, these letters are in the main staid and mundane stuff. Even after editing, and much has apparently been excised by Dr Hill and Professor Keynes, they offer the dullest minutiae

of their authors' days. Keynes tells of his writing, of college business, of the purchase of a new suit or a bit of furniture; Lopokova sees friends, dashes to Rumpelshpinner's for cakes, keeps up her Keynesian economics in her own wild way, and intermittently pursues her career. Significantly, she never comments on how the upper echelons of Bloomsbury reacted to her, and with admirable tact ignores the enmity of Vanessa Bell.

The originality of Lopokova's English as she unburdens herself to her "Maynardchka" - she can end a letter "Warm channels" and sign herself "Your true underworld dog" - does not disguise the fact that the letters are hermetically personal, or that a book is altogether too vast a container for such linguistic charm. Keynes is loving, but hardly communicative of ideas; he is to lurch with Winston Churchill. "I have a gospel about politics," but we never learn of what they talked.

Brief interest resides in the footnotes to ballet history provided by Lopokova's comments on Diaghilev and Massine - ready about money - but much of the best material was creamed off in the earlier biographical collection. We are left with the intimate feelings of two people in love, whose privacy should have been respected. This collection turns us into Peeping Toms.

LYDIA AND MAYNARD ed. Polly Hill and Richard Keynes Andre Deutsch £17.95, 367 pages

AT 40, Dr Harding writes, Gerald du Maurier "was at the top of his profession." And so he was, but he had never played a part more memorable than Captain Hook. As James Agate wrote, "He was a much better actor than he had ever the inclination to be" and he made his way to the top by means of popular second-class parts like Raffles and Bulldog Drummond.

His career coincided with one of the leanest periods the English theatre ever went through. A Shaw, Granville Barker, Galsworthy were at work; but in his 16 years at Wyndham's du Maurier never put on anything more important than Dear Brutus. There are elderly play-goers alive today who will recall with admiration his performances in such plays as Diplomacy and A Kiss for Cinderella.

Yet he was also a producer of genius. His choice the unknown Gladys Cooper for his lead in Diplomacy, cast Gerald Fields as a peeress in SCS, and secured the leading lady in his own play The Dancer so he could engage Tallulah Bankhead. Of any unprofessional relations with women, the book has nothing to say.

As an actor, he set a new manner of playing. "I couldn't do realistic plays," he said, "in that declamatory style which everybody had been using since David Garrick." His new way, certainly not learnt from

Dr Harding, and very good too. Dr Harding gives us

the chance of an anecdote, occurs in the invents and dialogue to go with it. His Gerald was evidently a well-liked man, though whether he should like him today is hard to say. Both at Harrow and in the Brigade of Guards Training Corps he seems to have been stupid and selfish, but it does him some credit that, after doing so well until 1918, he should then volunteer for the Army, at 45 years old.

He was devoted to his family by his daughter Daphne wrote the standard biography of him. Gerald, Du Maurier worked hard at duties like the Actors' Orphanage. Agate was right when he said, "He has left a name that will probably last out this century at least."

GERALD DU MAURIER by James Harding Bodley & Sonington £15.00, 198 pages

Du Maurier appears today as a fine period-piece, a matinee idol par excellence, and James Harding has paid wide attention to the period. Indeed he follows Sir Gerald's lineage back three generations to Mary Anne Clarke, the mistress of George III's brother, the Duke of York. Ms Clarke's grandson, by way of his daughter Ellen and an illegitimate husband, Louis-Mathurin du Maurier, was the Punch artist, George du Maurier, of whom the magazine wrote: "L'artiste célèbre, George du Maurier, / A beaucoup romancé des lauriers; / Et de nos jours son fils dans les rangs de Thespis / S'est établi au front, et encore y est."

We have over 20 pages on father George, and very good too. Dr Harding gives us

Fiction Historical romps

SEXING THE CHERRY By Jeanette Winterson Bloomsbury £12.95, 167 pages

RESTORATION by Rose Tremain Hamish Hamilton £12.95, 371 pages

THE FROG LINE by Carol Birch Bloomsbury £13.95, 248 pages

FLORRIE'S GIRLS by Maeve Kelly Michael Joseph £11.95, 246 pages

Restoration is more straightforward about almost the same period; the title contains several jokes and allusions as well as the obvious historical one. The narrator Merivel, trained as a physician, makes his fortunes when he cures the King's favourite epaulet and marries the King's favourite new mistress; he is knighted, given a great house and estate in Norfolk and expected (of course) to steer clear of involvement with his wife. There's the rub. Rumour-tongues, often ridiculous but highly likeable, Merivel has too easily involved a heart. He loves the King, the King's mistress, a Quaker friend who saves his sanity by making him nurse the insane and live on porridge; he loves his house and estate, his new mistress, mistresses, life in general. The Plague, the Great Fire, the King's favour, then disfavour, his wife's indifference, his friend's death - all the knocks of fortune of the 17th-century leave him chastened but not

downcast, to end in a Tower in the place he loves best, restored to royal favour of a sort and the red-headed infant daughter he adored. What used to be a rather despatch genre transformed by (among others) Peter Ackroyd, is further strengthened by a novel as satisfying and intelligent as this one.

The Frog Line is about peo-

ple on the grey fringes of today's society. It is a criminal, though sometimes brushing against police and prison; not quite drop-outs though unstable, meandering, without position, property or jobs; not quite tramps or beggars, but not far from the streets. It is a plastic sack groupings of real peoply.

It starts, of course, in childhood, the sense of rootlessness, the need to move on. Gloria's mother is highly neurotic, her father, more plainly, a beast; home life and its atmosphere are appalling. At 16 Gloria is raped by a stranger and has a baby. Then starts a life of wandering, purposeless, unstructured, not always unhappy but apparently heading nowhere.

Despite its action, the book is neither gloomy in effect nor hopeless in feeling. Its first 70 pages are straightforward narrative; the rest is Gloria's first-person present tense narrative, passionate, spunky, tender, sometimes violent but never vicious. Carol Birch's first

novel won last year's David Higham Award and this is an excellent second. Future, as few do, the early promise.

Florie's Girls is also first person narrative, diary entries about hospital life in post-war London, where surnames and nicknames dole out or at least under the microscope, as well like schoolgirls with erotic yearnings. Cos comes from a farm in Ireland. Binks and Hanly and the terrible Maguire, Sister and Matron, boyfriends and doctors, pushed-around patients and the blues - and there are no neatly and often touchingly conjured with (though Cos mocks the "begonny" view of Ireland) an unmistakable Irish intonation.

Justifiably, the young Edna O'Brien comes to mind, with her similar social background, sharp eyes and experiences of a country girl in a 1950s townscape. But Maeve Kelly's voice is very much her own, neat, unflashy, often funny, often sad. Cos's lover dies in her own hospital ward and there are no rituals to see him off. "The Kerry women would have keened for Laurence," she writes. "I should have keened for him."

Isabel Quigly

Stone Age Wales

A YOUNG history student sets out in darkness to walk along ridge-way paths through the Black Mountains, searching for his missing grandfather. In the light of a rising moon he finds, not his grandfather but the lost daughter he adored. What used to be the muller, have left traces on this remote Welsh landscape.

In a series of 23 short stories (published posthumously) beginning with a family of stone hunters and ending with a battle against the Roman invaders, Raymond Williams attempted not just to dramatise the past but to express modes of consciousness which are as remote from modern man as the social forms and ways of life which created them.

The early stories are of a people who are living on the edge of survival, among whom the life of the individual can only be preserved precariously, if at all, by subordinating it to the group interest. In these stories Williams movingly dramatises the interaction of personal feeling and group consciousness. Even when dealing with enforced infanticide, Williams never confirms Hobbes' unsympathetic judgment that the lives of such people can be dismissed as "nasty, short and brutish." Set against the overwhelming natural force of an ice age, they move, in all their privations, with a sort of austere dignity.

Later stories tell of the coming of the shepherd peoples who, despite their alien language, race and ways, are presented as settling down beside the hunting groups with wary mutual acceptance. Indeed Williams seems anxious to present views of human nature in which violence is seen as a shocking personal aberration. When it does burst out, its con-

sequences are shown being ameliorated by group acts of healing and reconciliation.

In contrast the coming of the warrior Celts, first as raiders then as "lords," is presented with great imagination. Nevertheless, Williams allows even these their eloquent druidic

PEOPLE OF THE BLACK MOUNTAINS, I: THE BEGINNING by Raymond Williams Chatto & Windus, £13.95, 361 pages

epokesman in The Wise Owl and the Slave: "We astonish the world with all the moving colours of life. And that is why we are lords, for we have taken life and shaped it, and moved in its shapes. We have made life dance to our songs, while you still creep close to the earth."

These stories are surprisingly varied and skilfully interconnected to give a sense of unfolding human possibilities. Their association with a particular locality is another unifying factor. Less satisfactory is the structural device by which Williams attempts to pull them into even closer unity. After each group of stories we return to the student, Glyn, on the moonlit ridge-way, through whose imagination and thoughts these lost lives are reconstituted. Unfortunately, the student in the moonlight is unmistakably Professor Williams in his lecture room.

Geoffrey James

One of nature's stirrer-uppers

THIS is a most disorderly book. It is not a biography of Richard Crossman; nor does it claim to be. And it is not quite a full portrait either, for large chunks are left out. The chronology is all over the place, and there is a certain amount of repetition; it seems to have been written in a hurry.

Nevertheless, it is a great pleasure to read: nearly always fun, frequently perceptive and only occasionally bitter. What else would you expect of Dallyell on Crossman?

The pair of them had a good deal in common. It was not only the Labour Party and public school. Crossman the Wykehamist and Dallyell the Eltonian; for a while, Dallyell lived in part of Crossman's London house; he was also Crossman's PPS, or Parliamentary Private Secretary, and perfectly capable of standing up to him in argument.

What the book brings out is how difficult it is to be an independent intellectual in the Labour Party - and perhaps in any party. Crossman is most remembered now for his Diaries. But that is posthumous. When he was alive, he was famous for much else besides; for examples, his book, *Peace Today*, his intelligence work in the Second World War, and his extensive knowledge of foreign affairs.

It was often said that he was on the left wing of the party and could not be trusted on foreign or defence policy. That was why Harold Wilson denied him a role in either of them when he became Prime Minister in 1964.

Yet there is a great deal in this book to show that Cross-

DICK CROSSMAN: A PORTRAIT by Tam Dallyell Weidenfeld & Nicolson £14.95, 253 pages

man's approach to foreign affairs was distinctly pragmatic. He was not automatically pro-Soviet, when much of the left wing of the party was. Nixon was by any means anti-American. When he met Richard Nixon, he swallowed his prejudices and decided that in many ways Nixon was a better US President than some of the candidates from the East Coast establishment. Nixon reciprocated the admiration.

The trouble was that Crossman never really fitted into anything. He had a lot to do with the science and technology policy that helped Labour win the 1964 election, but he was not made Secretary of State for Education. He contributed greatly to housing and pensions policy, to mental health reform and, not least, to the creation of Select Committees in the House of Commons. He believed in debate and argument; not everyone else did.

He was also a bit of a conservative eccentric. He delighted in his relations with the Queen. He wanted to write a book about Prince Albert. He spotted the potential of the young Margaret Thatcher, whom he described as "rather a pal." He was not opposed to political honours.

Dallyell claims that Crossman wanted to be a Cabinet Minister in order to be able to



Dick Crossman

write his Diaries from the inside. One suspects that there was a bit more to it than that. Crossman would have liked to have been a more successful minister than he was.

Clearly he did not suffer fools gladly. Dallyell describes him as "a thug and a basher - not quite a bully" who had "a low fed-upness threshold." He was also "one of Mother Nature's stirrer-uppers," who believed in turbulence for its own sake. Dallyell seems quiet by comparison.

Malcolm Rutherford

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Peter Knight on the bleak future facing our rare animals. Illustration by John Bishop



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Chimpanzee
(*Pan troglodytes*)
Found mainly in west and central Africa. Used extensively for medical research and beach photography. Price \$12,000 in the US for one bred in captivity

Himalayan Musk Deer
(*Moschus chrysogaster*)
Musk essence extracted from pre-putial gland near urethra. Used as an ingredient in perfumes, it is claimed to increase sexual attractiveness. Wholesale price \$40,000 a kilogram in Japan

Leopard
(*Panthera pardus*)
Found in Africa and Asia. An essential exhibit for zoos. Great demand for stuffed heads and products made from its skin, such as coats and rugs. Price for live animals around \$2,000. A floor rug sold for \$1,000 in the US last year

Mink Whale
(*Balaenoptera acutorostrata*)
Relatively small whale found in most seas. Eaten in Japan. Wholesale price \$7 a kilogram

Friiled lizard
(*Chlamydosaurus kingii*)
Found in Australia and Indonesia. Particularly popular to promote goods in supermarkets and is also used in television advertising to sell cars. One-day appearance fee from \$2,000 to \$4,000

Hawkbill Turtle
(*Eretmochelys imbricata*)
Found in most of the world's warm-water seas. Sought after for its shell to make tortoiseshell products or as a stuffed ornament. Prices in Japan \$282 a kilogram for shells, \$750 each stuffed

Black Rhino
(*Diceros bicornis*)
A few still to be found in sub-Saharan Africa. Hunted for its single horn, formed from compressed hair. The horn is ground into a powder and sold as an aphrodisiac. Black rhino horn costs about \$15,700 a kilogram in China but Sumatran rhino sells for \$40,000. The horn is also in great demand in Yemen where it is used to make ceremonial dagger handles

Tomato Frog
(*Dysophus antogilli*)
This orange frog is found only in Madagascar. Much sought after pet. Price £38 each in the UK

Reticulated python
(*Python reticulatus*)
Found in south-east Asia. Favoured live by zoos and strip-tease artists. Italians particularly like the skin for shoes, belts and clothing accessories. Price £145 (UK) for a 13 ft specimen, \$30 a skin in Italy. Prices based on recent sales recorded by the World Conservation Monitoring Centre, Cambridge, UK

Greed, vanity, and a recipe for extinction

HERE IS an Eastern recipe to enhance your sex life. Step 1: Take one extremely rare African black rhino, shoot it with an automatic rifle and Step 2: Grind the horn into a fine powder. Step 3: Hold a pinch to your nose and sniff. If you can't find fresh ingredients then visit Taiwan, where you can buy powder at \$40,000 a kilogram wholesale. Snorting rhino horn powder might sound absurd to a Westerner. But is it any more ridiculous than our love for French perfume, some of which still contains the juice from a gland located adjacent to the penis of a near-extinct Himalayan musk deer? The trade in musk essence, which is extracted from the pre-putial gland just below a male deer's urethra, might be banned but conservationists claim that some French perfumers still take the pungent stuff in their products. Raw musk oil can be bought for around \$40,000 a kilogram in Japan. A little goes a long way and it is quite easy to fly from Tokyo to Paris with a bottle. Perfumers do not have to publish their ingredients. The profitable trade in wild animals and their products is supposed to be controlled

by the Convention on International Trade in Endangered Species (Cites), which meets in Lugano, Switzerland on October 9. This United Nations organisation sets limits and prohibits the trade in some species, but it depends on individual countries to police the restrictions. Some nations are a little less vigilant and their officials a lot more corrupt than others, which tends to undermine the work of Cites. Controlling the trade depends to a great extent on stifling the demand, which is driven by our insatiable desire for all things wild. The irony is that in a world in which virtually anything can be synthesised, we much prefer the natural product, even if it means the extinction of a species. Take Japan and ivory. It is traditional for the Japanese to have a personal seal, a little rod that looks something like a thick pencil and which is pressed into

PLANET EARTH



sealing-wax to leave an impression. Plastic seals do the job equally well, but a slice of elephant tusk is preferred - so much so that Japan provides one of the biggest markets for elephant tusks, further encouraging poachers to kill more of Africa's dwindling herds. The vast sums of money available for medical research has pushed up the price of chimpanzees to around \$12,000 each. Chimps are prized because of their similarity to humans. But this biological likeness does not prevent man from incarcerating his nearest relation, intentionally traumatising him, injecting him with incurable diseases and sometimes mutilating him, all in the name of science. Many chimpanzees are used in AIDS research and man's need to find a cure has undermined some of the moral arguments against vivisection. Demand is high and chimpanzee traders are making a killing.

Chimps, few of which are left in the wild, are also used for fun, to encourage us to buy more tea and to make money for beach photographers. Exotic animals have intrigued us for centuries but television has removed the need to view animals in zoos and circuses. Can we still justify caging lions and gorillas in cold countries to educate our children and provide a thrill for a dull Saturday? It seems we can, because the tradition continues. And nowhere is it stronger than in advertising. The Toucan returned briefly to promote the Guinness takeover of Distillers and pushed up the UK collector's price for this rare bird from £300 to £1,300. In the East the owner of an Australian frilled lizard can earn up to \$4,000 a day for a personal appearance by his pet to promote supermarket goods and Japanese cars. We might be accustomed to these in our tank but the use of rare animals in advertising cannot be any more tasteful than the taste in decor of the late Aristotele Onassis. He surrounded the bar on his yacht, *Christina*, with stools made from the penises of sperm whales. There appears to be no accounting for taste, unless it's a poacher's bottom line.

We are heritage guards

DIVERSIONS

In an article three weeks ago, John Martin Robinson claimed that English Heritage was proving a "monumental disappointment." In reply, John Newman asserts that English Heritage is one of the principal guides to the English conservation movement.

We are the heritage guardians

PUBLIC BODIES such as English Heritage expect to be attacked, and accurate criticism of its performance... is slow and bureaucratic - it is both ineffable and healthy.

John Martin Robinson's article in the Financial Times on September 3, however, did not marshal criticisms of this sort, but was a sustained attack that gave the impression that English Heritage has no redeeming feature and is in all respects inferior to what it has replaced.

He concluded with a call for its abolition. In doing this the author resorted to so many non sequiturs and misstatements - such as "doubtful surviving and depressing coming as they do from an historian of repute" - that a reply is necessary.

To begin with staff numbers. The total number of salaried staff employed by English Heritage at present is about 1,500. Of these, 220 are custodians at the 430 named sites among the 400 monuments in the care of English Heritage of which most are open to the public, the "properties in care."

A further 475 constitute the direct labour force, which is employed primarily to maintain the fabric of these monuments, most of which are roofless ruins and require regular monitoring and maintenance in order to arrest physical decay as far as possible.

Of the remaining 800 staff, about 400 constitute the academic and technical experts who are at the heart of the whole organisation. These include archaeologists, architects, inspectors, historians, curators and scientists, most of whom are engaged in some aspect of English Heritage's conservation activities.

Parallel to these, and in effect backing them up, are an equal number of administrators, without whom the "professionals" would be unable to function. Finally there are about 120 staff who deal with "office services," payroll, etc: the only members of the organisation who have no direct involvement with the protection of historic buildings and sites.

bersome implication of functions - as the 1987 Parliamentary Select Committee on the Environment believed - English Heritage simply has to accept it. Its advantage is that it allows English Heritage to ignore all purely political considerations when giving its advice - leaving those entirely to the secretary of state.

English Heritage has a formidable range of functions to fulfil. On the "properties in care" side it cares for 400 monuments ranging from Stonehenge to Osborne House, including many of the country's ruined abbeys, coastal forts and castles. It is also committed to making them more accessible to the public.

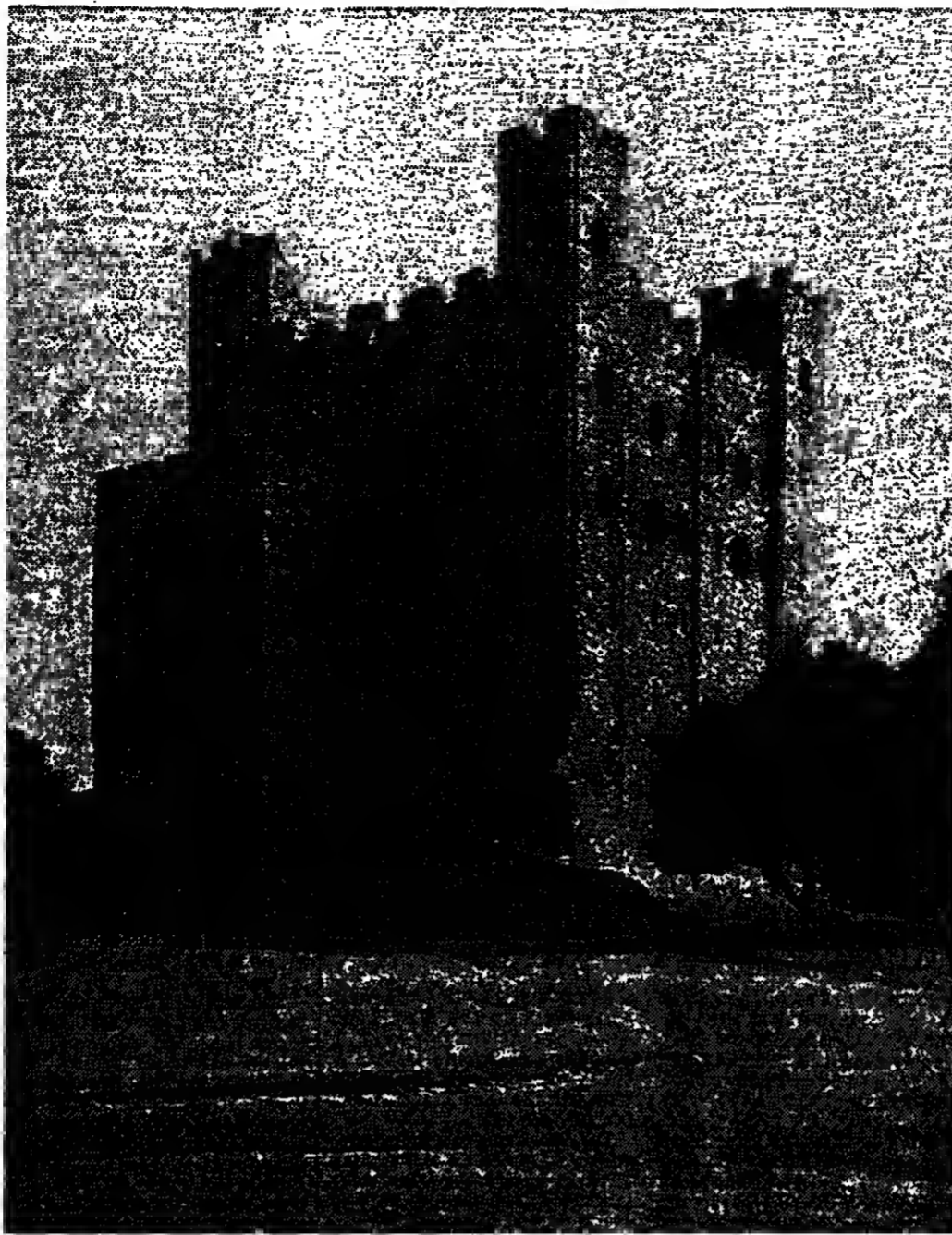
Visitors' numbers at the monuments have risen from nearly 4m in 1984-5 to nearly 5m in 1988-9, and admissions have risen from £1.8m to £3.3m. Shops have been opened at many monuments, leading to an increase in sales of guide books and souvenirs from £550,000 to £1.8m a year.

Total income has risen from £2.5m to £6.5m. This increase in commercial activity has gone hand in hand with an improvement in the quality of service offered to visitors at many sites. The multifarious historical displays and entertainments put on at English Heritage sites, all over the country are aimed at increasing public awareness and enjoyment of English history.

Much effort has also gone into making monuments more educationally valuable, and to this end historical re-enactments are as important as school-leavers' study packs. But obviously it would be unacceptable if these events were to damage the monuments themselves. Trampled grass is one thing, chipped stonework quite another.

John Martin Robinson's photograph purporting to illustrate the havoc wrought by an English Heritage event, shows nothing more damaging than a plank, a paper bag and a coke can lying on the ground.

On the "conservation" side, listing (of historic buildings) and scheduling (of archaeological sites) form the basis of the work. Since 1984 the accelerated recovery of listed buildings, set in motion by Michael Heseltine when Secretary of State, has been virtually completed. The number of items protected by listing has risen from about 315,000 to about 420,000.



Rochester Castle: founded in the 11th century on a Roman city wall

article show, if, as he notes, listed buildings all over the country are being disfigured by replacement doors and windows, this is due to a lack of will by local authorities to use their powers.

However, the small number of cases recommended for call-in for decision by the Secretary of State gives a false impression, for many more cases are the subject of negotiations by English Heritage officers, who are constantly giving advice to local authority planners and conservation officers.

Cases recommended for call-in are those recommended by officers. But call-ins and prosecutions are in the end mere fire-fighting, hitting back at the most flagrant and untypical transgressors. What most owners of historic buildings and monuments need is good advice which will help them to reconcile as far as possible their own requirements with the preservation of that part of the nation's heritage they happen to own.

The dissemination of authoritative advice about the best methods of repair and conservation should be one of English Heritage's central functions. Its Ancient Monuments Laboratory contains a group of experts probably unrivalled in the country. The five volumes of Practical Building Conservation edited by John and Nicola Ashurst, published last year, are the most ambitious publication so far, and Christopher Breerton's work, Advice Notes on Repair Philosophy and Methods, will be published in 1990.

English Heritage can also campaign, in a way that the old Historic Buildings Council and Ancient Monuments Board within the DoE never could. In 1989 alone it has taken a very public stance on such controversial issues as the Rose Theatre, Avebury Manor, and the proposed development of King's Cross Station. Inevitably, not everyone will agree with the stance it has taken - at the Rose, some will say, demanding too little, at King's Cross demanding too much - but at least it has shaken up the bureaucratic vice of secrecy.

The largest single element in English Heritage's budget is the making of grants. This was a well-established activity of the Department long before English Heritage was set up; but over the last five years considerable changes of emphasis have taken place. One of the most dramatic is the success with which grants for the excavation of sites threatened with redevelopment have been used to attract developer funding. English Heritage's £5m a year attracts £12m a year from developers. Grants for historic buildings and in historic areas are increasingly seen as inducements to owners to put in hand conservation work at which they would otherwise balk.

A great effort is being made to assess the number of seriously neglected listed buildings, and a new grant scheme devised to enable temporary repairs to be put in hand so that important buildings at risk can be stabilised, thus enabling long-term plans for their future to be worked out. At present this grant scheme is in its infancy, but it shows the way the Commission wants to move, away from the traditional grant-aiding of basically healthy buildings in the hands of owners committed to their care and towards the more intractable ones whose future has become precarious.

John Newman was a member of the Historic Buildings Council from 1977 to 1984, and is a Commissioner of English Heritage.

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Gardening

Any colour you like, so long as it's white

IT HAS been a year for brown gardening, not white gardening. Pale-flowered plantings have been sun-burned and all those imitations of Sissinghurst have not looked their best. It is time that English gardeners realised there was more to life than WASPS (White And Smelly Planting Schemes), and it would not surprise one of my shrewdest gardening friends if they did.

In his view, gardeners discovered perfection when they began to segregate white flowers against green leaves during the 1880s. Like most people who have tasted paradise, gardeners (he thinks) have been trying to ignore it ever since. They simply refuse to believe that they are happy heirs to a style which they cannot ignore. Gardens of pink, purple and yellows, variegated leaves and multi-coloured grasses seem to him to be about as sensible as a holiday in Portugal if you love painting; why bother, when you could be in Italy instead?

As for the new galaxy Achilles, their rose-pinks, buff-yellows and shades of cerise are a sort of self-inflicted Tormentosa. The WASP's paradise does have its charms. Many of those white flowers do smell particularly sweet in the early morning and evening; they look enchanting at hours when the busy world is hushed and the working person walks in the garden; they combine most charmingly with a plain honest green. Doubtless like to reply that they are mid-summer wonders: what happens when all that giant sea-kale has died in the home counties and the owners are left with a bare patch in late July? Perhaps they head off to Tuscany. Actually, the doubters are wrong. White nights do not cease with the last of the orange blossom. I will prove it by drawing together my observations in bone-dry gardens during the past six weeks.

For a start, I would use scrambling white-flowered climbers up tripods of bamboo canes or over low mounds of peapicks. They give height in the later months; the white-flowered viticella Clematis Alba Luxurians is admirable, as you can verify at Sissinghurst. I would also grow the white-flowered climbing potato-flower (Solanum jasminoides Alba) because of a sheltered, south-facing green hedge. It does not mind being dry at the roots or competing with other plants' branches. I would also find space for mounds of the

white everlasting pea. Lathyrus latifolius White Pearl is the one to watch for: it flowers for months, is not impossibly untidy and lasts from one year to the next. You can grow it from seed (Thompson and Morgan of Ipswich) or buy young plants in the spring.

As for shrubs, I would sneak in the cream-white plumes of flower on that lovely privet, Ligustrum quihouti (which has flourished in this dry summer). If I keep on writing about it perhaps more nurseries will sell it. On acid soils, an alternative or companion would be the spikes of white flower on a Clethra.

There ought to be some hydrangeas, but they have hated this summer and even in their happy home at Hidcote,

Robin Lane Fox urges a return to basics in white plantings



The lovely lace caps have looked wretched. I would always include plants of White Wave, the round-headed Mme E. Mouilliere. Several other species are good including Hydrangea Arborescens; my newly-planted Annabelle is clinging on and flowering, without water for two months. White flowered buddleias are a bit too coarse unless you choose one with grey leaves, perhaps sawlowiana alba, the hardiest. The grey-leaved Californian Tree Poppy is essential with its great open flowers and yellow centres. The White Cloud form was supposed to be free-flowering and Hilliers still sell the real thing. However, experts are not so sure about it and the trade has sometimes stretched the name to cover lesser varieties. Among the straightforward border-plants, it is quite evident that you should go for quality. This truth came home to me last month in a white-

flowered enclosure at Tintinhull. It was full of first-class white Japanese Anemones (be patient for the first three years), masses of white-flowered agapanthus and some grey-leaved perennial stocks. I would add the enchanting white penstemon Snowstorm which is more hardy than not.

The ones to avoid are the coarse green-leaved fillers which have spikes of off-white flower. Artemisia lactiflora sums them up, a truly august plant which looks off-white and off-peak in smart company. White Galega is also too leafy, although the long bottle-brushes of flower on the Cimicifuga are better because they are not encumbered with plain foliage. I have a soft spot for the tall white Veronica virginica alba which is now available again from nurseries such as Hopleys at Much Hadham, Herts. It looked wretched this summer in dry weather, but it does stand up to six feet or so in more usual conditions.

The white mallow, Lavatera Barnaby, was bred in paradise, but it is not, I think, a natural in all the company as it is tinged with too much pink. White hollyhocks are better value together with the very clear white of the wild Malva moschata alba. Be warned against white Epilobium which is spreading through nursery lists as fast as it runs through a garden's borders.

In the front row, I would prefer the best white-flowered hosta (Plantagine) it has fresh green leaves and scented white bells of flower, but it is not to be judged in this dry weather, which it hates. White lilies (Speciosum album, above all), white cactus-flowered dahlias and white Summer hyacinths (Galtonias) are available from most bulb catalogues and will cover a multitude of gaps.

Lastly, what about the roses? It is absurd to look down on a variety because everybody grows it. In two gardens, I was captivated by the August performance of groups of the unstoppable rose Iceberg which was flowering for a second time in beds of segregated white against green hedges. Why not try Paeoli, you may wonder, or even an ice-white Virgo? They simply do not perform as well and I think you are merely confirming my shrewd friend's observations. Having found the best, we try to ignore it: the all-white principle is summed up in all-white Iceberg and it refutes the view that white planting has had it before the summer itself has peaked.

A society worth saving

MOST HORTICULTURAL societies and clubs are aimed at adults but there are a few exceptions, one of the most notable being the London Children's Flower Society.

This was started after the Second World War as an offshoot from the London Garden Society, which had been founded long before but had been inactive during the war years. In 1945 it was reactivated - thanks mainly to the enthusiasm of one Helen Nussey - and it was at one of its early meetings that a Mrs Alice Street talked of the lack of opportunity for many London children to engage in any form of gardening.

Alice Street made a very simple suggestion. Organise a daffodil competition, she said, open to all the schoolchildren of London, one in which the bulbs would be grown in pots - if necessary on a window ledge - or standing in any space available where there was good light.

Make it easy for the children by giving them the bulbs and also short, simply-worded instructions for growing them, and get skilled volunteers from the public parks, horticultural societies and other places to come and judge them free of charge. Give the children medals, certificates and other proof of their achievements and encourage the schools to participate by awarding them points based on the success of their pupils, with prizes to mark these corporate achievements.

At first the number of varieties was restricted to two: nasturtiums and candy tufts, chosen because they could be germinated reliably without any artificial heat and could be grown successfully almost anywhere. Of course, it was not enough; nothing ever is in gardening, which grows naturally because of the enthusiasm it generates. Two more hardy annuals were added: annual alyssum and godetia, also easy and reliable and, like the first two, certain to flower during the school summer term.

Further expansion of the work of the society came when many schools wished to have some recognition for their gardens, and so a competition was arranged for these. Not all the London schools had gardens but the very fact that there were now tangible rewards for such enterprise encouraged them to look for waste land which could be cultivated, or to work wonders with plants grown in tubs, boxes and other containers.

In 1967 the league was registered as a charity and in 1975 its name was changed to the London Children's Flower Society. Quite early in its existence the Queen Mother had become deeply interested in its work; as a result the highest award that can be won by a school garden is now the Queen Elizabeth Cup. Indeed, when the Queen Mother visits the gardens of the London Gardens Society, as she likes to do each summer, she always finds time to see one of the school gardens.

The London Children's Flower Society is now entering its 48th year and during that period has flourished without any major alarms. Now, for the first time, its very existence seems to be threatened. The Inner London Education Authority (ILEA) has for long been one of its major sources of finance and in recent years has granted it annual sums of around £11,000. But ILEA comes to an end next March in a government reorganisation, and there will be no more money from it after that. The 1990 activities seem to be assured since the daffodil bulbs, all 70,000 of them, have already been despatched to the

450 schools taking part in the spring competition. Arrangements are also complete for despatch of seeds to the 250 schools in the summer competition. The school gardens competition does not involve a lot of cash since all the judging is done for the love of it, and the cups and other trophies are there to be won time and time again.

But who will pay the bills for 1991 and thereafter, and also the salaries of the small, part-time staff? It is unthinkable that the society should be allowed to drop out of existence simply because no-one has noticed what is happening. There must be many companies and other organisations which would be glad to support it, both because it is so worthy and because they would gain quite a lot of prestige for themselves.

What is needed is either an annual donation of the kind that ILEA used to make or, better still, a modest endowment that would ensure a basic annual income of between £12,000 and £15,000. It is a small sum to ensure the continuing enjoyment in gardening of around 100,000 children.

Arthur Hellyer

Advertisement for SHRED IT, a garden waste shredder. It features a photo of the machine and text describing its benefits and contact information for ALLEN.

DIVERSIONS

Is there life beyond the fringe?

Paul Abrahams wonders what influence he can bring to bear on demon barbers

ON THE whole, the philosophical case for free will seems fairly strong. But, somehow, within the geographical context of a barber's chair, determinism takes control. The problem is that when seated in front of a mirror with a large bib tied around my neck, there appears to be no mechanism for controlling what is about to happen - certainly, not how I'm going to look for the next three weeks before the cut grows out. Indeed, any attempt to influence the outcome of this bi-monthly and unenjoyable event seems to have an adverse effect - the result seems to be worse than if nothing had been said. The whole unpleasant experience is made all the more traumatic by having to stare at oneself in various states of bedraggled hair for at least half-an-hour, if possible, as you spend as little time as I need in front of the mirror in the morning. While having a haircut, however, there is no alternative. The office-induced air-conditioned parlour is all too apparent and the lines that used to appear only during particularly bad hangovers are starting to look permanent. Colleagues who wear glasses tell me that they, at least, avoid this sort of unpleasant self-examination by removing their spectacles before the ordeal. But the disadvantage of doing this is that they then have no idea what is happening until the cut is finished. If you can see, at least the shock is spaced over a period of time rather than concentrated in one horrendous moment. Given the apparent impossibility of influencing the outcome of this unpleasant event, the necessity of choosing a good barber should be of paramount importance. But gone, alas, are the student days when a £2.50 cut would suffice. The experience wasn't necessarily always agreeable but there was an air of familiarity about it. After the cut, the barber would always ask if something was required for the weekend. (He would even do this on Mondays obviously thinking students planned these things well in advance - and this was well before condoms became fashionable). Admittedly, for £2.50 the cuts were not of the highest calibre. There was one barber - truly of the old school - who claimed that one cut was much like another. The only one that was really different, he said, was the Tony Curtis cut. There had never been anything like it before, nor anything since. Certainly, no haircut resembled any other. Part of the reason for this might have been that there was no distinct style for students to adopt early in the 1980s. Chariots of Fire, Bridhead Revisited, The Sloane Rangers' Handbook and the Falklands were only just beginning to make a mark. The shorter cuts associated with tweed jackets and brogues were not as prevalent as they were to be later. Now, however, the pigtails, enormous fringes and shoulder-length hair of the late 1970s and early '80s mostly have been abandoned for cuts of which my father could be proud. Short back and sides have had their revenge. In the quest for this new but classic cut, and the traditional but reliable barber, a nine-month experiment was undertaken involving a visit to four very different practitioners. The first cut was received at Atlas Associates where I paid (on expenses, I hope) £22 - more than twice what I had ever paid before. Richard Stepney, who did the job, explained that men are spending increasing amounts on clothes but still seem to stint themselves on their haircuts. "The first thing you notice about somebody is their hair," he said. "The haircut is an important part of images and yet, most men are willing to risk a bad one which will show all too obviously for weeks. What we offer is consistency - we have no juniors - and the possibility of good, but understated, haircuts." This sounded good news and



Paul Abrahams braces himself for the barber's blade

the cut looked pretty good to my untrained eye. It also seemed to grow out quite well, too. Others were less sure, though. One of the other unpleasant aspects of haircuts is the way the ultimate judges, your colleagues at work, insist on commenting. They decided the cut made me look like an extra from the film Wall Street. The money spent at Atlas Associates gave me, they said, the sculptured look of a Ronald Reagan. Most were also horrified at the idea of spending so much on a single cut. The prices they quoted as being reasonable ranged from £5 on London's Hackney Road to £9.50 in the City or West End. Deciding to forsake Hackney Road, I set off instead to Hackett, situated in the new Moss Bros clothing store in Covent Garden. Don Hart, who runs it, explained that it is a traditional barber-shop. Traditional this £8 haircut certainly was - right down to sharpening the cut-throat razor on a long piece of leather before it was applied to my neck. I haven't seen such panache outside a western film. Complaining that the previous cut was uneven, Don proceeded to give me what he described as a 'perfect' cut. To me, it appeared identical to his own. Eight weeks later I set off to Khops, founded in 1945 and the oldest-established barber in the City of London. Khops has an international clientele - the staff have even picked up some Japanese hair-dressing terms - and is also one of the favourite locations for employees of the Financial Times. Indeed, one of the more senior journalists at the newspaper receives a 20-minute shave there every morning while being serenaded by classical music, usually Mendelssohn. Proprietor Lionel Lee, and the rest of his team, disagreed with the premise that it was impossible to influence a haircut. Many customers had definite views of how they wanted their hair, he said. Without dissenting, but without giving precise instructions, I asked for something practical and was given a 'club cut', a classical shape which, Lionel explained, could be washed, combed and left and needed little attention. It cost £9.50. The experience was accompanied by the usual razor and liberal lashings of eau de cologne which, apparently, is a traditional 'friction'. Its main impact was to offer a nasal souvenir of the visit during the rest of the day when downwind of myself. Thankfully, another traditional friction, Bay Rum, was not used. In fact, the Khops' cut looked pretty good to me, particularly at the back (although I'm not the best judge because I look at it only every eight weeks or so when I go to the barber). Hair is an important factor in looking neat, said Lionel. "There's no point spending money on shirts, ties and suits and then spoiling the effect with a bad hair-cut. It can wreck an otherwise good impression." That, I thought, was the quote with which to end the piece. Unfortunately, the Weekend FT editor had other ideas. He decided he wanted to compare these up-market cuts with

a cheap and cheerful cut from somewhere in the East End. Given the state of his locks, I suggested he should endure a cheap and cheerful cut somewhere in the East End himself, but he declined. On the advice of a colleague, who goes there all the time, I went to Mick's, deep in Docklands and just around the corner from the New City Sauna, the Hollywood Sun Centre and the Mile End Road Tube station. Even though it was only 4pm, there were grilles on all the windows. The decor was less than spottless and Capital Radio was playing in the foreground. Mick's son, Con, cut my hair - Mick himself was on holiday in Cyprus - and decided he would give me a style to go with my suit. Out came the electric clippers and he set to work. The length of hair falling on to my lap was alarming; I hadn't realised my hair had grown that long. Then I looked into the mirror and realised that, to all intents and purposes, it hadn't. It would be the shortest cut I'd ever had. Next came the scissors. These were thrust up my nostrils to trim the excess hair there. Then the traditional razor blade was brought into action and scrapped down the back of my neck. I closed my eyes and promised to buy myself a new suit. By the time I opened them, the ordeal was over. And, to be fair, Con had done a good job. A little shorter than the others, but certainly a great deal cheaper. The final price was £5. How significant, then, was the barber to the quality of the cut? One colleague decided that all the ones I'd had looked pretty similar - and then added she hadn't liked any of them. I'm inclined to agree. In the end, when you pay a barber, it seems that you are paying for the location, rent and rates rather than the quality of what you get. No matter the bill, you still have little influence over the final result. Atlas Associates, top floor, 4 Northampton Street, WC1, tel. 01-495-8011; Hackett, 27 King Street, WC2, tel. 01-497-8885; Khops, 42 Bow Lane, EC4, tel. 01-248-7364; Mick's, 84 Hamlets Way, E3, tel. 01-980-1333.

Harry Ramsden's: the place to be seen

IN 1928 Harry Ramsden, aged 42 and a successful fish fryer in Bradford, West Yorkshire, was advised to move to the country for the sake of his wife's health. He borrowed £150 and built a small wooden hut by the tram terminus in Guiseley, 10 miles north of Leeds, in which to carry on his trade. His reputation for delicious fish and chips spread and in 1931 he borrowed £5,000 from his suppliers, bought a 2.4-acre site across the road and five years later opened the "largest and most magnificent fish and chip emporium in the land." Today, this "emporium," which includes an adjoining takeaway and can seat 168 people, serves about 1m customers a year and is in the Guinness Book of Records as "the world's largest fish and chip restaurant." Next month, it is due to raise £2m on the Third Market. "It is unique," says Pam Harland, the assistant manager. "People think they're coming to a fish and chip cafe and find it's a restaurant with chandeliers, oak panelling, stained glass windows and monogrammed carpets."

"It's very traditional - I think that is what appeals to people. And the fish is fried in beef dripping, which gives it a different taste altogether from oil. Northerners do like their beef dripping but southerners must like it, too, because we get so many here and they say 'It's wonderful.'"

The restaurant is open from 11.30am to 11.30pm. At Sunday lunch-times in summer, the queue stretches round the building to the necessarily huge car park, for Ramsden's position between Bradford and Harrogate puts it on the tourist map. "They go to where Emeraldale Farm is television soap opera is filmed just down the road," says Pam. "Come to Harry Ramsden's, and then go on to the Brimble country. Last Bank Holiday, we had 27 coaches in one day."

There are no waitresses on duty during any one shift. They wear neat black dresses with white aprons and white black-ribbed caps although Joyce Haynes, who is retiring next year after 24 years, remembers when she wore a royal blue and white uniform to match the blue carpet and table-cloths.

On July 7 1982, Harry Ramsden celebrated his 21 years on the same site by selling fish and chips at the 1912 cost of a penny halfpenny, the price it was when he first began business in Bradford. Around 10,000 turned up. That record was beaten last year when, to celebrate its 60th anniversary, fish and chips were served at the 1928 price, equivalent to 2p a portion.

Customers were different in the early days, Joyce said. "They didn't mind sharing a table (as some do now) because they object to smokers and a lot of people used to come in regularly."

"If they weren't in at a certain time, you knew something must be wrong. At week-ends it was more like a country club. We'd get couples getting to know each other here and

shining. Many had come from miles away to be there. Everything on the brown and white table cloths had the Harry Ramsden label: there is Harry's Yorkshire Ale, Harry's sauce, Harry's own-label tea... For £5.45p you can have an extremely large portion of half-dock with chips, bread and butter, mushy (or garden) peas and a choice of tea, coffee or soft drink. Steamed ginger pudding and Apple pie and custard are £1.25. Each year customers trek in to 500 stones of fish, (which hasn't yet gone metric), £500,000 of potatoes and 33,000 bottles of sauce.

There is no question of the new public company diversifying into beefburgers and pizzas. Its chairman, John Barnes, formerly managing director of Kent's Fried Chicken (Great Britain and Ireland), and its non-executive president, Carol Merryweather, a co-founder of the Merryweather group and in the fish and chips business for over 40 years, both feel that it's fish that makes Harry Ramsden special.

However, there will be changes. They plan to build a Theatre Bar with live entertainment, a children's area in one of the on-site houses, and to restore Harry Ramsden's own house behind the restaurant into the kind of home it was when he and his wife, a former waitress, lived there.

They hope to cut the queues by enlarging the restaurant to provide an extra 70 places. On a grander scale, Harry Ramsden will be spreading its wings with branches opening in Blackpool (1990), Glasgow, London and Birmingham and through franchises in New Zealand, Australia and Singapore.

Singapore businessmen have already had their appetites whetted. Three years ago, when Singapore Airlines opened a direct route to Manchester and wanted to show some of the pleasures of the South of England, they invited Harry Ramsden's to give them a taste of fish and chips. John Carter, the senior fryer at Guiseley, flew out to Singapore for a fortnight and, using a wok, fried away in the Hyatt Hotel, to much appreciation.

"Fish and chips is the one thing that is really British," says Carol Merryweather. "It is our heritage, and it's something people eat if they any other types of food put together."

Angela Wigglesworth sniffs out a British institution

then going on holiday together."

She remembers Harry Ramsden well. "He'd come into the frying area, rub a scrap of batter together in his finger tips and say 'there's something short on that.' It would probably be the salt and he knew it wasn't right just by feeling it."

"He had two pairs of trousers for every suit," said deputy manager Chris Booth, "because he was forever dropping his cigarette and burning a hole in his pants. He'd never miss a trick, though, even down to the soap, which would be ordered in particular size tubs because they were ideal for keeping the chips in afterwards. Nothing went to waste."

Harry Ramsden retired in 1954 (he died nine years later) and leased the business to his manager, Eddie Stokes, who put in the glass chandeliers and replaced the linoleum with wall-to-wall carpeting. In 1965 it was sold to Associated Fisheries and last year acquired by Merryweather, a private company established in 1985 to restore traditional high quality standards to fish and chips.

Queues at Harry Ramsden's don't seem to wait on the sun - at least not when the sun is

Wine

Purses follow palates

TO LISTEN to the Bordeaux, you would believe that every vineyard in the Gironde was about to be sold either to French institutional investors or, even worse, to foreign (notably Japanese) groups. These fears should be calmed somewhat by the full list of chateaux sales over the past few years assembled for the first time by the leading French wine magazine, L'Amateur de Bordeaux. These show that only 14 major chateaux have changed hands in the past four years.

The Amateur also quotes figures provided by the Conseil Interprofessionnel du Vin de Bordeaux showing that, in an average year, only 1 per cent of the 280,000 acres of vines in the Gironde change hands, that most of the transactions are small, and that the major estates sold last year added up to only 600 acres.

Moreover, some of the biggest transactions involved chateaux already in foreign hands. When Allied-Lyons bought control of Chateau Latour earlier this year - in a deal which, for the first time, valued a Bordeaux chateau at more than £100m - the seller was the French group, owner of the Financial Times, which had bought control of Latour for a mere £11m in 1962 at a time when there was absolutely no French interest in French vineyards. The pattern will be repeated when Brent Walker sells the chateau he acquired from Lombré earlier this year.

Yet, over the past few years, four major French insurance groups have invested more than £100m in the vineyards of the Gironde. In the past couple of years, two other classified growths have passed into institutional hands: Cantenac Brown has been bought by the Compagnie du Midi while the Garantie Mutuelle des Fonctionnaires (GMF) has bought control of Beychevelle.

Other major deals include the £20m sale of the Medoc's single largest estate, Chateau Larose-Trintaudon, with 420 acres of vines, to the Assurances Generales de France, the country's second-largest insurance company; while the GMF (which, as its name implies, looks after the pensions of most of France's civil servants) has bought another major estate, Chateau Beausart, with 370 acres of vines, just south of Beychevelle.

The biggest single purchase came in May 1988 when Aza

paid £27m for the second-growth Pichon-Longueville-Baron, now renamed simply Pichon-Longueville. "Since none of us has more than 0.2 per cent of our assets invested in vineyards," said one investment manager, "the scope for further investment is enormous." But the deal that really rocked Bordeaux this summer was the sale to Axa of Chateau Petit Village in Pomerol by the closely-knit Prats family, owner of Cos D'Estournel which makes some of the finest wine in the Medoc. If the Prats were selling, what family property was safe?

Outside investment in Bordeaux vineyards is, of course, nothing new. The Medoc, formerly a wasteland of scrub, was developed into a major vineyard region in the 18th century by the "Parlementaires," the legal aristocracy of

of the price Allied-Lyons paid for Latour - although strictly, neither of these deals is comparable. Margaux required investment equivalent to the purchase price, and Latour had followed a policy of retaining far larger stocks than any other major chateau.

The institutions are likely to prove a useful block to foreign attempts to buy up the Gironde, although the Japanese already own four major chateaux and recently have taken a minority stake in CME's vineyards. Nevertheless, they are wary of pushing up prices: one major estate in Saint-Emilion, Chateau Guiraud, has been on the market for a couple of years but the price set by its owner, Hamilton Narby, son of a Canadian-born ship-owner, has proved too high.

In general, however, the institutions see these vineyards as an excellent long-term investment. Axa expects an initial yield of 6 per cent on Pichon-Longueville, double that available on luxury blocks of flats in central Paris (in Axa's eyes, the only equivalent to a major estate).

Claude Bebear, the chairman of Axa's Bordeaux unit and well-equipped to understand the problems posed by institutional investment in vineyards. He reasons that of the £27m paid for Pichon-Longueville, £17.7m was for the 32 hectares planted already (around £200,000 an acre - only half the going rate for prime vineyard land in Burgundy). The 15 unplanted hectares cost just £150,000 an acre, the rest of the purchase price being accounted for by the stocks and the chateau itself, which Axa is refurbishing to use as a corporate hospitality centre. (It is also planning an ambitious wine museum).

Axa has established a separate company, Axa-Millesime, to run its vineyards. It recognises that it requires specialists and has appointed Jean-Michel Cazes as manager of Axa-Millesime. His family owns Chateau Lynch-Bages and Cazes, one of the most respected figures in Bordeaux, is a school friend of Bebear. He, like his colleagues in other insurance companies - and, indeed, the rest of the French bourgeoisie - have increased greatly their purchases of fine clays since the slump of the mid-1970s. Perhaps their purses are simply following their palates.

Nicholas Faith



To sit atop leafy Olympus
There to view what you have left behind

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The deed is done

MY FIRST hand today comes from rubber bridge. Let us study True Avoidance:

N K J 6 2
A Q 3
8 7 4
9 6 4 3

E A 10 9 8 7 3
Q 10
K 10 8 7 5 4
A K 7 5

North dealt at a love score and opened the bidding with one diamond. East over-called with one spade and South said two hearts. North raised to three hearts and South's four hearts ended the auction.

West's opening lead was the spade queen. The declarer covered with dummy's king, the ace took, and East's trump return allowed West to cash queen and ace and follow with a third heart to the knave.

Discarding one club on the spade knave, South crossed to hand with a spade ruff and finessed the knave of diamonds. The queen won and the contract was lost.

Let us replay the hand. Realising the danger of a trump return from East, we allow the spade queen to hold. This is what I call True Avoidance. It

Bridge

does not prevent East from obtaining the lead but it makes him pay too high a price for the privileges.

West switches to the four of clubs, we cash ace and king and ruff a club with the six of hearts. East cannot overruff - and we return the king of spades from dummy. East covers, we ruff in hand and lead our last club, and West is helpless.

We concede two hearts but the contract is made. If East overtakes the spade queen in order to lead a heart, he sets up two spade tricks for declarer.

The next hand is from teams-of-four:

N K Q 8
K 10 5 3
A J 4
A K 9

W 9 7 5 3 2
Q 5
J 10 5 4 3

E A J 10
Q J 2
K 10 9 8 6
Q 6

5
A 9 8 7 6 4
7 3
8 2

With both sides vulnerable, East dealt and bid one diamond. After South and West had passed, North doubled. South replied with one heart and went to four hearts after a double raise from his partner.

West led the two of diamonds and South took stock. There seemed to be only three losers: a spade, a diamond and a club. He played dummy's four of diamonds, the 10 won and East returned a diamond to the queen and ace.

A low heart was led. East played the knave, the ace won and West showed out. That meant another loser. Was there anything to be done? The only hope was an endplay on East, but if this was to succeed, East must hold only two clubs.

South led a spade to queen and ace, the knave was returned to the king and the eight was ruffed in hand. East was known to hold three spades and three hearts; if he had five diamonds, he could hold just two clubs.

Crossing to the club, king, the declarer cashed the heart king, ruffed the queen in the club and crossed again to the queen (this was encouraging). South led a heart from the table to throw East into the lead. The forced diamond return conceded a ruff discard and South was home.

E. P. C. Cotter



Bordeaux who were looking for profitable property investments. In the third quarter of the 19th century, a number of leading French bankers bought major properties, but interest then lapsed until the 1960s.

In 1986, American banker Clarence Dillon was offered virtually every major vineyard in the Gironde and bought Haut Brion, mainly because it was the Grand Cru nearest to Bordeaux (it was a rainy day and he didn't have much time to spare). Forty-five years later, his daughter, now the Duchesse de Mouchy, paid £2m an acre for the neighbouring estate of La Mission Haut Brion. But native French investors stayed on the sidelines. As late as 1976, when Margaux was for sale, it was left to a Greek entrepreneur, Andre Mentzelopoulos, to secure the hargain of the decade by buying the estate for £7.7m - more than £2m of which he recouped immediately by selling off the three vineyards then stored there.

So, Mentzelopoulos paid roughly £75,000 an acre for Margaux. This was a mere 14th

HOW TO SPEND IT

Lucia van der Post looks at what the best-dressed legs will be wearing next year and focuses on the latest attractions in the crafts world

Goodnight to bright tights

KEEPING LEGS looking fashionable is a tough business. It's a world in which nuances are all - colour your tights the wrong shade of brown and they'll sit there gathering dust on the shelves. Next week is Hosiery Week, a crucial time in the leggy calendar, the moment when big decisions about what glamorous pins will be donning are taken. The big six companies of Britain will be there - Gouture, Pretty Polly, Aristoc, Ribco, Charmos and Bear Brand - for happily where hosiery is concerned Britain still seems to be flourishing. Every year about 570m pairs of tights and stockings are sold - worth some £420m at retail selling price - and some 84 per cent of these are British in origin.

However, to get back to the tights we'll be wearing this winter. The unobtrusive may think that this year's tights are much like last year's, but they would be wrong. To start with the colours are different. The old-bright primary colours and the endless pairs of thick matt black tights are not what the well-dressed will be wearing this winter. Subtle colours are everywhere. At Couture Marketing, where John Brindley since 1974 has turned a small company above the Co-op in Stoney Stanton into a group making half a million pairs of tights and stockings per week, they are banking on subtle colours, in particular olives and browns - "but it must be the RIGHT shade of olive or

brown". Sophie Mirman of Sock Shop has even got her colours designer-chosen - early in October her Sock Shop branches will be selling the new Jasper Courten collection of tights, all in 60-denier lycra and featuring muted, subtle colours such as putty, dark olive green and a soft rusty red, at £1.99 a time. After that, in November, come the other designer ranges that she is now famous for having initiated - collections by English Eccentrics (very interesting dense patterns), Wright & Teague, Boyd & Stoney and Work-

Never mind the legs, look at the tights - Couture Seasonal, a sheer plain tights with Lycra available in all this season's new colours (oyster, paraffin, plum, sherwood, stone, as well as black, dark navy, ecru, graphite, natural, nearly black, silver and so on). £2.99 a pair.



ers for Freedom.

Colour, though, isn't all. We will have to master a small new vocabulary - having mastered the intricacies of denier and picked up on the finer nuances of colour we now have to cope with the subtleties of feel and finish as well. Main finishes will be gloss, high shine or simple matt. The high fashion look, to be worn with evening wear and short skirts when the legs really are on show, will be a fine, silky sheen. A sheer, lycra style with an almost mirror-like finish, sheen looks like a winner.

Manufacturers and stores are having a big push to try and get more people to wear hosiery during the summer months (well they would, wouldn't they?), but I have to say that I hope they succeed. Only the very best and brownest of legs look better bare and the summer revealed some not so pretty sights.

An important weapon in the hosiery armoury is going to be the hold-up stocking, as they are cooler than conventional tights. Until now a really well-fitting hold-up stocking has been a contradiction in terms for those who didn't have standard-width thigh-tops. Sophie Mirman and John Brindley are united in thinking that they have cracked the problem. Watch out for next spring, when each of them promises fine fitting hold-ups all in the fashionable sheers.

Design finds a home

ALL THOSE who love and follow the work of Britain's many gifted designer/makers will know that keeping track of their work requires vast resources of time, energy and enterprise. Anything that gives their work a permanent home where it can be seen and bought has to be welcomed. Now, just launched up in Marsden, is a venture designed to offer exactly that to a small and select group of contemporary furniture makers.

Ramez Ghazoul and Jemila Topalian already run a fine craft gallery in the Cheshire village of Prestbury. Having seen that there was nowhere in Britain where people could always be sure of seeing a collection of contemporary hand-

made furniture, they decided to open a showhouse themselves in the stables behind their existing gallery. They have gathered together some remarkable-looking work - some pieces from already well-known designer-makers such as John Makepeace and Ron Carter, others from those whose names are less familiar. All the furniture is presented in room sets so as to give potential customers some idea of how it might look in the home or office. The owners hope to make the gallery a lively place to visit by holding special exhibitions, by changing the pieces on display and by giving space to new young designer/makers.

On view currently are pieces by John Makepeace, Ron Carter, Robert Deal, Alan Peters and Nigel Lothhouse, as well as an interesting modern reworking of the desk/cabinet theme by Andrew Holmes. The gallery is in the middle of Prestbury village, 50 yards from St Peter's Church; open Tuesday to Saturday, 10.30am to 6pm.

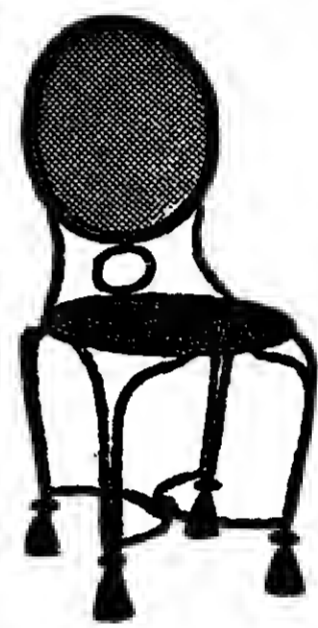


Dream duffles

IT'S HARD to recall how that once duffles were glamorous garments, trailing shades of glory from having seen stalwart active service in times of war.

For most of us the duffel lost its charm when it became the standard uniform of the scruffy student brigade, and there it remained, consigned to sartorial neglect, for 20 years or more. Gradually, however, it has been rehabilitated, and these days all manner of grand and expensive designers such as Armani, Calvin Klein, Ralph Lauren and Yves St Laurent have tried their hand with the classic lines and distinctive detailing of the original duffel. The duffel is one of the

easiest, most comfortable of garments, with relaxed raglan sleeves and roomy outlines. Those in search of warming outerwear to greet the coming winter will find that there are duffels everywhere - from classic versions at the new Daks-Simpson shop in Terry's Street, London, to Inverurie to Aquascutum and Jaeger. Photographed above is Jaeger's version of the duffel. In 85 per cent wool/15 per cent polyamide, it comes with nice deep patch pockets and buttons instead of the more rugged and traditional toggles. In bronze, loganberry, navy and red, it costs £199 from some 40 Jaeger branches, including the flagship in Regent Street, London, W1.



PICTURED below right is yet another exercise in metalwork. As any follower of the contemporary furniture and furnishing scene will know, metalwork is currently much in vogue, being worked in countless different ways by many different designers. Monica Pittman is a painter/decorator who also specialises in metal artworks and her "rope" dining chairs are modern interpretations of French 18th and 19th century pieces.

The chairs come with or without arms and are extremely decorative as well as being surprisingly comfortable - the lattice work has enough "give" to prevent them being hard. The frame (legs, back and arms) are of ironwork, twisted to resemble rope. The feet, as you can see, have been turned to look like tassels and the backs and seats are made from a very fine flat lattice. The series includes tablelegs too, which are made to take tops of glass, Perspex or marble, although Monica Pittman suggests that wood or slate could just as well be used.

Chairs and tables are made by hand in the time-honoured way they were originally made in the 18th and 19th centuries. The metalwork can be left as it is or painted silver gilt, Etrus-

can Green or sang de boeuf (a rusty red).

Chairs without arms are about £310; with arms, £388; the coffee table is £546. All enquiries to Monica Pittman, 22A Old Brompton Road, London, SW5. Tel 01-372-3669.

Fair doubles its appeal

SAVE THE pennies and the pounds, for the Chelsea Crafts Fair is coming. Every year this annual gathering of work from some of Britain's best craftsmen and women seems to grow in size, ambition and scope. Indeed, so much has it grown and so great is the demand for exhibition space that this year the fair has had to be divided into two separate weeks.

This means that there is much more to see and to buy, but it also means that to make sure of not missing anything the ardent viewer and shopper will have to visit it twice.

Sylvia Baler's ceramic teapot (£24.50), just one of the many Sylvia Baler pieces on show and sale during the second week of the fair.

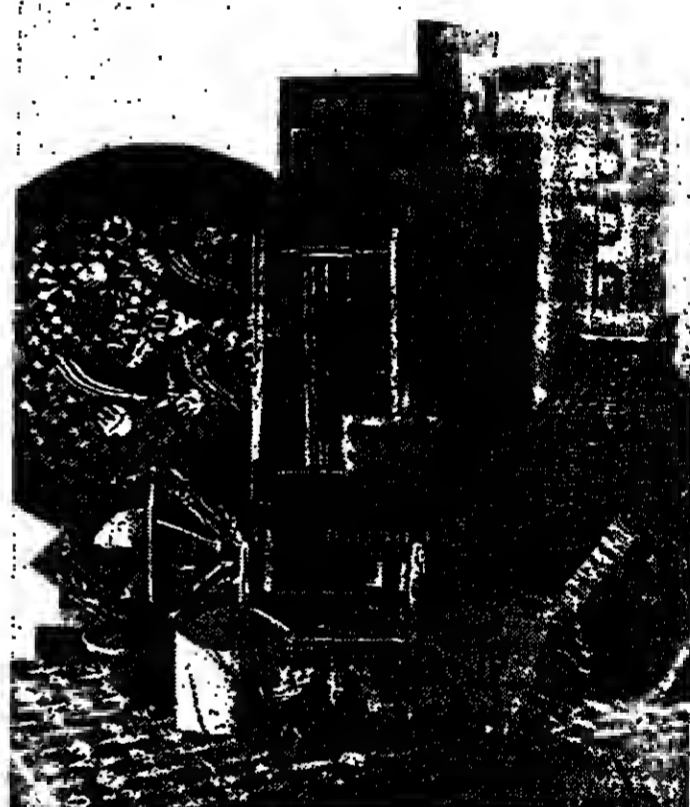
Each of the weeks will feature the work of a separate group of crafts people but the mix will be much as it has been before. There will be small pieces of jewellery, plus buttons, toys and easily packable ceramics as well as larger things such as furniture, wall-hangings, laundry baskets and rugs. There will also be knitwear and small silver pieces, scent bottles and drinking glasses, leatherware, hand-made hats, quilts, scarves, hand-turned wood and silky fans.

Three of the star newcomers to the fair, according to the organisers, are Colin Reid, from Stroud, who is one of our leading glass artists; Steve Brooker, from Cardiff, who makes spectacular hand-painted kites; and Sylvia Baler, whose witty and

appealing ceramics, like the teapot pictured here, have an individuality all their own.

Those familiar with the fair will already know that, besides being a perfect opportunity to stock up on Christmas and birthday presents, it provides a rare chance to see the work of people whose workshops are scattered all over the country, many of them in quite remote and rural corners.

The fair will be held, as usual, at Chelsea Old Town Hall, London SW3, and the first week runs from October 9 - 14; the second week from October 16 - 21. Open from 10 am to 8 pm from Monday to Saturday (this year it is closed on Sundays), admission is £2.50 for one single visit or £4 for one visit in each of the weeks.



A collection of work, ranging from a hand-made wooden chair to a small wooden toy, from this year's Chelsea Craft Fair



IN SARDINIA, many moons ago, I witnessed a nightmare on a par with the best Hammer horror movies. Roaring seas provided the backdrop. In the foreground, I saw a bravely-armed fisherman trapped in what looked like a life-and-death wrestling match with an eight-armed creature that seemed hell-bent on pulling him into vicious rocks. Then, the truth dawned.

The man was in charge and he was beating the daylight (and the worst of the toughness) out of a large but lifeless octopus with 100 ritual thrustings. In spite of being subjected to this sort of corporal punishment from fishermen the world over, and often a few extra blows from cooks' steak bats, octopus usually needs long, slow cooking to render it tender enough for diners to be spared jaw-aching exercises.

Squid has a much less tyrannical constitution. No flagellation is needed to show it who is master, and it needs only brief cooking. So, cooks in a hurry and those against caning, even in the privacy of

Cookery

How to grapple with squid

Philippa Davenport prepares a cheap and 'meaty' seafood

their own kitchen, will choose squid every time.

One of the delights of squid is its price - absurdly low for a food that is so delicious and "meaty". And, contrary to popular myth, squid is not difficult to prepare. It might appear a little daunting on paper but, in practice, it is a clean and easy operation: a duffel compared with, say, scaling a fish or stuffing the breast of a chicken. In fact, there is often very little to it these days as much squid is sold eviscerated.

If you are faced with whole squid, prepare it like this. First, grasp the pocket-like body with one hand, reach inside with the other and draw out the head, innards and tentacles all in one piece. Cut the tentacles by slicing through the web of flesh that bunches them together, and remove the head back from the centre of the tentacles. Discard the head and rest of the innards (but save the ink sac if you want its black liquor for cooking).

First, around for, and remove the transparent cartilaginous quill from inside the body, and peel the reddish-purple membrane from the outside. However, you buy squid, always wash it inside and out under a cold tap and dry it carefully before cooking. (It is difficult to dry the inside of small squid thoroughly, so I usually take the extra precaution of dusting the flesh with a smidgeon of flour to mop up any remaining moisture. Delay the flouring until immediately before cooking.)

As I've said, one of the pleasing things about squid is that it takes so little time to cook. The swifter the better, I reckon. Let it fry or simmer just long enough for the flesh to lose its pearly translucence. If the telephone goes while the squid is in the pan, let it ring or you risk over-cooking the mollusc. In other words, the firm and tender rings of its flesh will be transformed into albedo rubber bands.

My only regret about squid is that some of the best dishes really need to be eaten the minute they emerge sizzling from the pan. I am thinking of treats like the Italian *fritto misto di mare*, and squid fried the Greek way with leekings of garlic and olive oil. Dishes like these are best served for eating-out - or for eating-in when there are just two of you to indulge in a bit of kitchen gnutty (and to blazes with the smell of frying that will seep into your clothes and hair).

I have, though, made a point of applying myself to the discovery of other delectable squid recipes. The methods and timings of these will leave the cook feeling cool, calm and collected, well able to sit down elegantly to share the dishes with a party of friends.

RED PEPPER SALAD WITH SQUID (serves 6-8)

A luscious and colourful mixture, this makes a fine first course for dinner. For best results, marinate the peppers a day ahead and cook the squid on the morning of the day of serving.

Ingredients: 4 fleshy red peppers; 1 lb small squid; 8-8 tablespoons fruit olive oil; 2



lemons; 3 garlic cloves; 2 slightly heaped teaspoons coriander seeds; a bunch of basil.

Grill the peppers until the skins blacken. Do not overdo it or the peppers will melt away to nothing. As soon as cool enough to handle, strip off the black papery skins, cure and seed the peppers and cut the flesh into bite-size strips or squares. Dress straight away with 4 tablespoons olive oil, a scrunch of sea salt and a good grinding of pepper. No lemon.

Dry fry the coriander seed until warm, toasty and smelling delicious. Crush it roughly to produce a mixture of little bits and aromatic powder, and

set aside. Chop the garlic finely and prepare the squid as described above. Heat a 10-12in. frying pan. Add a scant 1½ tablespoons olive oil.

When very hot, add HALF the squid and garlic and fry over high heat, stirring often, until the flesh is cooked tenderly (I find three minutes is about right for small squid). Tip the contents of the pan onto a plate, scraping to get every last drop of flavour, then cook the second batch in fresh oil in the same way.

Sprinkle the cooked squid with the toasted coriander, some sea salt and pepper. Add a couple of tablespoons of olive oil and three of lemon juice and toss, then mix the squid with the peppers. Cover and leave in a cool place. Just before bringing the salad to table, scatter it with fresh-torn basil leaves and mix gently. Serve with wedges of lemon and warm, crusty bread on the side - plenty of bread to mop up the delicious juices.

SQUID WITH TOMATOES, PINE NUTS AND RICE (serves 8)

I rate this just right for a party as many of the preps can be done ahead and the finished dish will keep in a low oven for at least half an hour or so without spoiling. What is more, it is a self-contained main course: no vegetable accompaniments are needed.

Ingredients: 2 lb small squid, or a little more; 3 oz black olives, preferably ones that have been steeped in olive oil; ¼ lb pine nuts; ¼ lb brown

rice; a little olive oil; fish stock; fresh green coriander leaves.

For the sauce: 2 x 14 oz cans of plum tomatoes; 2 small onions; 3-4 garlic cloves; 2 celery stalks; a generous pinch of finely-grated orange zest; 3 or 4 sprigs of thyme.

Chop the onion and garlic and cut the celery into thin crescent moon slices. Sweat all three ingredients in three or four tablespoons of olive oil for about 12 minutes. Add the roughly-chopped tomatoes and their juices, some thyme and a little orange zest. Simmer without a lid for, say, 15 minutes to drive off some of the liquid and blend flavours to make a rich sauce. Season well, cover and reserve.

Boil the rice in just over double its volume of stock or salted water until just tender. Season, cover with a clean, thickly-folded tea towel and set aside.

Toast the pine nuts in a dry frying pan. Weigh out the olives and reserve separately. Chop the herbs with scissors in a mug and cover with food wrap to keep fresh. Clean and prepare the squid as described above.

In the evening, bring the sauce back to simmering point. Stir-fry the squid in a little very hot oil for about three minutes or until cooked tenderly. Stir the squid into the sauce, cover and keep warm in a low oven for up to 30 minutes or so until needed for serving.

To re-heat the rice, tie it in a baggy, damp butter muslin parcel and place it in a steamer basket over a pan of boiling water. I find it needs no longer than 10 minutes to become thoroughly hot. Immediately before serving, stir the nuts and herbs into the rice and mix the olives with the squid. Serve in two dishes or, more handsomely, pile the rice down one side of a warmed platter and the squid down the other.

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ARTS

Authors' view of writers' freedom

Anthony Curtis listens in on the PEN congress in Montreal

FAREWELL Toronto. Hello Montreal. That has been the story of the 54th international PEN Congress this week...

Nancy Morejon, a Cuban poet, expounded on the problem of publication in a Spanish speaking island...

Meanwhile, deliberations by the official delegates on imprisoned writers and attempts at suppression continue behind locked doors...

These were all salutary interventions from the many black writers attending the Congress. More salutary still has been the constant mingling that has occurred between delegates and guests from all countries...

RICHARD STRAUSS THE ARROGANT GENIUS
VLADIMIR ASHKENAZY
ROYAL PHILHARMONIC ORCHESTRA
CRISTINA ORTIZ
MSTISLAV ROSTROPOVICH
ELISABETH SODERSTROM

MENTION London's fringe theatres and most people will think of a small black box uncomformably propped by the knees behind them...

As its reputation has grown, so have its facilities, presenting each of its six artistic directors with an inheritance reflecting their times...

Attempts to do so have not always been kindly received. James Rose-Evans, who founded the theatre originally in a church hall in Hampstead...

"Those were the real pioneering days. It makes me smile wryly to see the huge staff they've got now, when I used to man the box office, sweep the stage, choose the plays and direct them...

The pioneering spirit began to flag with the failure of a £10,000 appeal to finance Stage Two...

Daring paid dividends

The Hampstead Theatre is 30 years old. Claire Armistead reports



Michael Rudman



Jenny Topper with Michael Attenborough, James Rose-Evans, Vivian Matalon and David Ankin

stick to its policy of doing new plays, it was in a way a very rigid place. There was a case to be made for remounting plays that had been mounted at the wrong time or in the wrong production...

An initially happy time, began to go bad when the commercial tag was resurrected and an increasingly vitriolic campaign mounted by Time Out, the London listings magazine...

Rudman arrived at Hampstead on the opposite trajectory to Matalon, after a stint at the Traverse in Edinburgh. The five years of his tenure, from 1975 to 1978, covered a time when he modestly says the world changed around Hampstead Theatre...

ated his administrator and Oxford contemporary David Ankin as his successor. In his National Theatre office, where he is the administrative executive, Ankin looks back with affection on days when "I never knew what a memo was, when you raised your voice and the whole building knew what you were thinking...

He maintains that the most courageous decision made by the theatre board during his time was to turn down the offer of new purpose-built premises. "I was terrified that the obligations and the upkeep of the building would destroy the policy," he says...

At the same time, he staunchly defends the theatre's obligation to follow its successes through. "If there's a play that can be exploited commercially it's important to do so because most artists are lucky if they write two or three commercially successful plays in a lifetime..."

The power of the pen

THE PROFILE or essay is so debased a genre in its swiftness these days that most people in this country have forgotten, if they ever cared, that the work of Kenneth Tynan (1927-1980) was not only great criticism, it was also great writing...

Records

spread. Miss Bartoli is young, Italian, lively of temperament. The voice glows with lustrous vibrancy and fullness of tone across a wide compass, and races with glorious Latin exuberance up and down the scales and flourishes - she may not yet be absolute mistress of agility, but there is still plenty of time for the final stages of development, provided her career can be guided on the right lines...

Records

read Tynan's thumbnail sketches of Sid Field, W C Fields, Lenny Bruce, Eric Morecambe, Greta Garbo or Gordon Craig. Even over two or three pages, the density of description, the quality of analysis, the depth of experience and range of reference, are streets ahead of anything you read in the mountain of today's showbiz puffery...

C'est charmant! c'est divin!

IT SEEMS annually to be given to John Eliot Gardiner to publish the opera recording of the year - the single issue destined to give greatest pleasure and fill the most gaping hole. Successfully, Chabrier's L'Etrole, Gluck's Iphigénie en Tauride, and, recently, Messiaen's Fortunio have held the position as of royal right...

Records

Records. The French EMI 'Intégrale' of Albert Roussel's songs is a collection of enormous value. It follows the same company's compilations of Faure, Debussy and Ravel and is evidently the brainchild of the series' pianist, Dalton Baldwin...

Records

Max Loppert. The neo-Franckian, or post-Fauré, canvases of youth give way to the sharp-pointed etchings of maturity. Songs on Chinese texts, the settings of Anacreon odes, the two Ronsard sonnets with flute accompaniment have about them a poetic concentration that is almost Wolf-like...

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THE NINAGAWA COMPANY FROM TOKYO
Suicide for Love
BY MATSUO ARIMOTO DIRECTED BY YUKIO NINAGAWA

ARTS

Playing safe on Broadway

Frank Lipsius reports on the start of the New York theatre season

WITH THE prospect looming of a shortage of musical houses by Christmas, New York is anticipating the most active new theatre season in memory. Never mind that one of the best venues, the Mark Hellinger, has been leased to an evangelical church for five years; that deal proved how bad the prospects were after *Lags Diamond* flopped there at the beginning of the year.

The season began last week at the Neil Simon with *Orphans Descending*, directed by Peter Hall. Vanessa Redgrave recreating her West End role of Lady Torrence. Tennessee Williams had always wanted to write a role for Redgrave, an instinct he did not live to see to fruition. And frustration there certainly is; ripe bones, too, in Redgrave's Broadway decision to appear naked in the scene where she consummates her passion for the drifter Val Xavier (Kevin Anderson).

Anderson and the support American cast do not match the Redgrave panache, even sifted through a thick Italian accent. Though competent and attractive, Anderson lacks the

gravity and magnetism that should outweigh his youth. Stacey Shilton as Bewick Binings, the gossipy chorus of Two Rivers County, seems more appropriate to *The Music Man* than to Williams' rambling but relentless tragedy of Lady Torrence's deluded, fleeting taste of freedom.

A new, intimate production of *Sweeney Todd* was transferred from a tiny Upper East Side venue to the Circle in the Square, the small Broadway theatre-in-the-round in the same complex as the musical's original home at the gigantic Gershwin (then the Uris). The change in scale has done wonders for Stephen Sondheim and Hugh Wheeler's conception, transforming it from a sociological treatise on London's Dickensian poor overwhelmed by the stage's industrial machinery, to an intimate study of Todd's descent into insanity.

Made up with dark rims circling his eyes, Bob Gunton grows in stature all evening as he wields the shaving knife, victims' blood spurting over the stage. Compared with Angela Lansbury's matronly Mrs Lovett, the landlady and co-conspirator of the original

1978 production, Beth Fowler is a younger, livelier woman.

Director Susan H. Schulman, principal director of the Pittsburgh Civic Light Opera, has obviously re-thought the play, taking advantage of the intimacy to emphasize the horror. A sharp railway whistle signals the end of the overture in a score effectively performed by two synthesizers instead of the 26-piece orchestra in 1978. James Morgan's set envelops the theatre in hanging cloths and eerie orange-lit windows to draw the audience into the seedy, dangerous world of cutthroat malcontents.

After a Broadway debut as director of the embarrassing comic-book musical, *Starmites*, at the end of last season, Larry Carpenter recovers with an exuberant *Private on Parade* starring Jim Dale as an improbable but perfectly believable transvestite army captain. The amateur-theatrical setting of Peter Nichols's funny, bitter view of the British defence of Malaysia perfectly fits the Roundabout, a theatre created out of a union hall's auditorium with an amateurish look too often reflected by the performances.

Dale, who has lost none of



Jim Dale and Simon Jones in the revival of *Private on Parade*

the acrobatic skills first seen in New York 15 years ago in Frank Dunlop's production of *Scapino*, could easily compensate for most deficiencies; here he need only orchestrate the antics of a well-jointed crew including John Curry, Simon Jones and Edward Hibbert.

A.R. Gurney's *Love Letters* for two elderly correspondents started as a weekend-only production. In a more permanent home at the Promenade, pairs of actors take a weekly stint at the piece. Director John Tinkler insists only that the actors read, not memorize, their roles and speak to the audience, not

each other.

The gimmick works. Some of the letters are really dialogue fragments, and epistolary premises is fractured by sedentary characters nonetheless roaming through familiar upper-crust Gurney country of private schools, charity fundraisers and politicians. Jason Robards, sonorously voiced, and Elaine Stritch, casual flightiness flecked with tears, were an ideal couple. Younger pairs who have been well received are John Rubinstein and Stockard Channing, and George Segal and Dana Ivey.

The rest of the season will be steeped in revivals, imports

and film adaptations. The current enthusiasm may wane by the time the theatre squeeze blows out into revivals of *Gypsy* and *The Unsinkable Molly Brown*, theatrical versions of *Meet Me in St. Louis* and *Grand Hotel*. Other imports slated for this season are *Aspects of Love* and *Blood Brothers*, David Hare's *Secret Rapports*, Peter Shaffer's *Letting It Go* and two Tom Stoppard plays, *Aristo Descending* and *Sharpe's Company*. Broadway's nearly decade-long slump affects its revival the way a heart attack would: the victim becomes more cautious.

Sea and sky celebrated

William Packer looks round the London galleries

John Houston (Mercury Gallery, 26 Cork Street W1: until October 21), one of the most distinguished of Scottish painters of his generation, has been celebrating the sea and sky-scapes off North Berwick and the Bass Rock for the better part of 40 years. The examples here of his generous expressionism are at once as fresh and characteristic as ever, but other images are afoot. The experience of his journeys to Japan of a year or two ago are resolved at last into images of the most delicate mannerism, and there are paintings of the figure too, of which the portrait of his wife, Elizabeth, in her kimono, is outstanding.

Len Tabner, a somewhat younger painter, is showing in London in *extenso* for the first time (Agnew's, 43 Old Bond Street W1, until October 20, and Vanessa Dewar, 11 Blenheim Crescent W1, until October 14). His subject is the bleak and beautiful Northumbrian coast, with the waves beating in, the wind blowing and the spray flying - all positively Turnerian, at least in its physical commitment, and the more energetic the better.

He is, however, no high Romantic visionary, but a natural expressionist, his vision immediate and mundane, fixed upon what it means to be out in wild weather in wild country. But the conspicuous display of energy for its own sake is always dangerous, and there are moments when one feels that the work is running on a bit free. The sketchbooks, intimate, direct, unself-conscious, show the truer artist and one clearly to watch.

Peter Howson (Flowers East, 199 Richmond Road E8: until October 22) is one of the brightest of the young stars that burst from the Glasgow School of Art in the mid 1980s. What first caught the eye were his small paintings and drawings of boxers and body-builders, and his smaller works remain the more impressive for being the more straightforward. But he is remarkably prolific, and here is a gallery full of huge figure compositions, all drawn from the imagination. Their essential subject is the violence of the collective male, whether implicit and contained, as in his group of rowers, or strikingly explicit, as in "The Fools of God", or openly murderous and fascistic, as in "The Death of Innocence".

These are impressive works,

as much for their sheer ambition in the scale of the technical problems that they take on, and their symbolic intention, as for their actual accomplishment. The danger is again that with so much to do, the attempt itself becomes the justification. Howson is inclined to lean heavily on a certain graphic short-hand and exaggeration, which is a pity, for his work is powerful and energetic enough without such grotesquerie.

Christopher Couch (Marlborough Fine Art, 6 Albemarle Street W1: through October) is a symbolist who works directly from the figure. The model lies on the bed in a darkened, empty room, another woman perhaps stretched or seated beside her, or the artist himself watching over her. The mood is heavy with unspoken, insistent, ambiguous relationships. Again the scale is ambitiously grand, and again technical considerations tend to qualify the intended effect. Where, in the smaller canvases, concentrated upon the image of the head, Couch's intense vision is convincing enough, writ large too much is left unattended, unresolved, unmodelled. When so much is attempted, mere indication and suggestion are not enough.

Anita Taylor makes an impressive debut (Berkeley Square Gallery, 23a Bruton Street W1: until October 14). Her fresh and lively oil studies, of girls alone or in pairs, declare an obvious debt to Paula Rego, both in mood and imagery. The large works, however, show her moving into territory very much her own, no less overlaid with sexual threat and portent, but very lightly born on such a scale and stated with fine facility.

She shares the gallery with Lucy Ross, whose work is as bright and decorative as ever it was at the Royal College, but has yet grown tougher and less obvious. The imagery of classical columns and fragments of statuary is now reworked and overlaid to make for a denser and more complex surface. She is taking more risks and her work is the better for it.

Finally, at Anne Berthoud (10 Cliford Street W1: until October 7), are two large paintings by the late Peter Kinsey, depicting simple images, of four white sheep on a green field on one side, and a white house on the other. They are fine paintings by an under-rated artist.

Bit of a solo boogie

Alastair Macaulay reviews Gaby Agis at the Lilian Baylis studio, Sadler's Wells



Gaby Agis in *Dark Hours* and *Finer Moments*

SILLEN, dark-haired, pale-skinned, full-breasted, heavy, clumsy and committed, Gaby Agis used to exert a memorable force in the works of other new-dance choreographers. She showed no kind of physical, technical or dynamic sophistication, and that was the point. She'd fling herself around, collapse to the floor or stamp on the spot with a weighty intensity that was striking just because it was raw.

As a choreographer, she's never been radical, original or innovative. (Well, those aren't, after all, adjectives we've often been able to apply to British dance, which has mainly been concerned with making local variations on foreign initiatives.) Much of Agis's work has been accidentally, perhaps a re-birth of fragments of modern dance experiments of 15 or more years ago. Women have run around in heavy boots, have flung iron round the stage, have moved around a

building with the audience following them. And all that old post-modern hat. What has been boring about this is the stolidity and timidity with which Agis has pursued it.

Not that she doesn't learn or develop. Her latest show, *Dark Hours* and *Finer Moments* in the Lilian Baylis studio at Sadler's Wells, is only an hour long, and has somewhat more variety than any of her previous work. It shows a new interest on her part in certain basic features of academic dance technique, and it uses a text by the fiction writer Kate Pullinger. And so Agis and her four female colleagues are seen sometimes to extend stretched legs and/or pointed feet, and are sometimes heard to speak. There is even a cartwheel and a bit of solo boogieing. The text consists of fragments of monologue, in which women talk of travelling alone. Agis has never before come so close to conventional theatricality.

Most of the movement is pedestrian, the arm-gestures

watery. Though each woman is an individual - different accent, different movement style - you learn little about women in general or these women in particular, from this show. What you see and hear is a soft-centred collage of trite attitudes and observations, with music to match.

In one episode, Agis and three others move back and forth across the stage, repeating a basic step-and-gesture pattern. They're not uniform in it, but they don't make their differences interesting. Agis dilutes them all to the lowest common denominator. In its well-intentioned way, this drab show degrades women as completely as many more populist and traditional spectacles. And, curiously, Agis herself has lost her former force. As the hour slowly passed, it became sadly clear that she was not only the least articulate mover and least spontaneous speaker on stage, but also the least sincere.

HATS OFF to Radio 1 for its *Lead Alert* this week. All three Cortinas and Capris have been warned against leaded petrol, and tipped off that there might be free adjustment at the garage on Thursday. Radio 1 is really the green frequency; it is into the concerns of the masses, like Aids, and deals with them in the appropriate way. We even have a Radio 1 DJ in Angela Ripston's *Health Programme* (Radio 4, Sundays), *The New Same Again*, a Wednesday series on Radio 4, deal this week with Sue Smith, who contracted a spinal tumour while she was at school. We follow her progress from a limp at 17 to a wheelchair at 40. Sue seems an exceptionally nice person; she married the young man she had known from her active teens, gave him two children, went up to university at 30 and got a degree in English. Now she does social work.

It is a moving story, but I wonder if Sue was the right

person for presenter Jenni Mills to have chosen. She seems reconciled to her disability, though she secretly believes that other women will admire the outfit and she resents the attitude of people who imagine that a crippled spine must also mean a crippled brain. But what of those poor souls who become angry and selfish, without Sue's capacity for living a full life? How would the programme have gone with them?

Last week's example was about the Maxwell family, whose 11-year-old daughter disappeared. I could not bring myself to hear it. But I have heard next week's, concerning a young couple provisionally unhurt in a plane-crash, where a headlong evacuation saved them from the asphyxiation that killed many of the other passengers. Their resultant trouble seems mainly to be a dislike of the way they behaved after the crash. I am not sure what I have to learn, though, except patience.

I was a fan of Adrian Rollini, the jazz virtuoso of the bass saxophone, and I like modern Czech writing, so I had to hear Josef Skvrle's *The Bass Saxophone* on Radio 3 on Friday. The story, dramatised by Nigel Baldwin, is told in dialogue between old Joseph (John Woodvine) and his younger version Joe (Jonathan Cullen). Joe is entranced by the bass sax of a German band that visits his war-time Czechoslovakian village, and he is persuaded to play with them in place of their regular saxophonist, ill in bed. He thinks he will be playing jazz, forbidden by the Nazis.


In fact he starts with a waltz in A minor, but halfway

through the programme, the sick player drags him off the stage and takes over his instruments. Before that happens, though, we have to hear the rehearsal, then the remnants of pre-war days. The music, composed by Graham Collier, is meant to be dull, and dull it is, in spades, and a devil of a lot of it. The proper sax player's work, "like the Adrian Rollini of your dreams," would never have done for the Charleston Chasers.

Both the Joes are decently acted, but they seldom managed to impart much interest into the play. Ned Chaillet was the director, and Art Themen played the bass saxophone. No Rollini he.

There was more sick humour in *The Emperor of Lancashire*, a sketch about the Lancastrian comic Frank Handie. Jeff Nuttall recounted his glibly anti-social behavior, and there were snatches of his act. I hardly understood any of that but the belches - and I have served in a Lancashire Regiment.


Listeners to *The Archers* as casual as myself will be pleased with the *Book of Farming and the Countryside* (BBC, £10.95, 256 pages), a companion book by Anthony Parkin, the programme's Agriculture Story Editor. It's a survey of Arbridge activities through expert eyes, with technical explanations where helpful and maps of Brookfield, the Home Farm and Brook Farm, with many photos, including 16 pages of colour. Essential for Archer-fans, enjoyable for others.



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FINE ART AUCTIONEERS

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Auction Calendar

Geneva, Hotel des Bergues	Hong Kong, Hotel Furama
14-15 October 89: Watches and Clocks Incl. South Side & Silent Bids	17 November 89: Chinese Jade, Jewels and Works of Art
New York, Hotel Regency	Zürich, Hotel Int., Oerflon
25 October 89: Persian, Islamic and African Works of Art	28 Nov.-1 Dec. 89: Stamps and Postal History
12 November 89: Impressionist and Modern Paintings	Tokyo, Harae Mori Building
Geneva, Hotel des Bergues	16-17 December 89: Watches, Clocks, Fine Jewels and collectors' Lighters
13 November 89: Art Nouveau/Art Deco	17 December 89: "The Art of Doll", Paintings, Watercolours and Drawings by Doll
14 November 89: Fine Jewels	
15 November 89: Objects of Value, Fabergé, Russian Works of Art	
	New York, Hotel Regency
	January 1990: Old Master and 19th Century Paintings

* under the aegis of the Jean Stern, Publisher, Adspol

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Pick of the week




CHRISTIE'S

THIS POWERFUL PORTRAIT of the Russian author Iuri Annenkov (1889-1974) at the height of his powers. Annenkov was a leading portraitist in Russia in the early years of the 20th Century, and among his other important subjects were Lenin, Trotsky and Gorkii. His years spent in Paris among the avant-garde are reflected in the Cubist treatment of the street in this picture, and in the experimental use of mixed media where collage, glass and even a real bull-punch are incorporated. Tikhonov was a noted literary figure who launched "The Circle of Proletarian Writers", which contributed to the Communist Party mouthpiece "Pravda". This important picture will be included in the sale of Imperial and Post-Revolutionary Russian Art to be held at Christie's, King Street on Thursday, 5 October at 10.30 a.m. and 2.00 p.m. The sale also includes furniture, Imperial and propaganda porcelain, silver, glass, avant-garde books, paintings, prints and miniatures.

For further information on this and any other sales in the next week, please telephone (01) 839 9060.

8 King Street, London SW1
85 Old Brompton Road, London SW7
164-166 Bath Street, Glasgow

Pick of the week



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SPORT

All the way on champagne and shaving foam

Peter Berlin studies the teams which stand just eight wins away from baseball's world championship

FOUR DAYS ago, North American television viewers were treated to the unlikely spectacle of a gang of grown men dressed in pyjamas and caps...

Orioles and the home town Blue Jays, complete their regular season with a three-game series which began last night.

Over the long haul, managers nurse their pitchers' delicate arms. In the World Series play-offs, though, there is no such caution.

The managers of the two Western teams, the favourites to meet in the World Series, represent baseball's new breed.

that La Russa could hardly help winning, so powerful was his line-up. "Anyone can write down Jose Canseco's name 182 times," they said.

Tigers, their seventh consecutive World Series defeat. The Cubs last appeared in the play-offs in 1945 against the San Diego Padres when the pennant was still decided in a best-of-five series and the Cubs became the first team to blow a two-game lead in a short series.

Robinson and Gaston have gone a long way towards disproving that theory. Robinson, for example, has kept his temper with a young Baltimore squad stuffed with mediocrity.

After firing Williams the club, with a great show of reluctance, appointed Gaston, their popular batting coach, to manage. The Jays still insist they will replace Gaston after this season, though that will be difficult if Gaston overcomes the Blue Jays' losing tradition...

GLUM AND bothersome - that seems to be the story of Mike Gerard Tyson's life to date, however many millions have passed through his hands in a brief and ferocious career that has brought him the undisputed heavyweight championship of the world.

At the end of his new book, Fire & Fear: The Inside Story of Mike Tyson, Torres, author of the earlier and celebrated Sing Like a Bee, the story of Muhammad Ali - says that every now and then, pictures of Tyson and his life run uncontrollably through his head: the savage childhood...

'Iron' Mike: the viciousness that drives Marciano's heir

Mike Tyson's anger is alien to most people outside boxing. Michael Thompson-Noel reports

have never recovered." The man had Tyson figured out, he told Torres. In the man's view, Bedford-Stuyvesant and Brownsville, two Brooklyn slums where Tyson was raised, were "Iron" Mike's concentration camps.



Tyson bows into London complete with hat and cane

be honed into the youngest world heavyweight champion ever. But Cus died. And so did Jimmy Jacobs, Tyson's manager. Others went away. His marriage foundered. He became an orphan, bereft of civilising influences.

CROSSWORD

No. 7,051 Set by CINEPHILE Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday October 11, marked Crossword 7,051 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 14.

Crossword puzzle grid with numbered squares for clues.

- ACROSS 1 Eminent professor's job is to hold the baby (4,5) 2 Rubbishy banter (5) 3 Bait for a demon (5) 10 Leading flintist makes Scots county more important (4,5) 11 Ancillary measure for horse that's never won (10) 12 Moth with cat's face? (4) 14 Totalitarian to take in nothing without science? (7) 15 Catch in vision of box, which one can believe? (7) 17 Dolt disguised in headgear coloured blue? (4,3) 19 Characterised by happiness reduced during sleep? (7) 20 Function of blunt instrument (4) 22 The utility of crying? (10) 23 Cosmetic look at opposite number in parliament (3,6) 25 Tease composer (5) 27 Order some consumer items (6) 28 Stuffing vehicle to dry me out (9) DOWN 1 Opening for the young to get lines crossed? (5) 2 Plant found under logs? (9) 3 Many old boys had a meat slander (10) 4 Cause distress at cliff, possibly (7) 5 Think what glass can do, (5) 6 Affected army base (4) 7 French part of European journey (5) 8 Same draft used by agricultural establishment (9) 9 Hell for criminals? (10) 14 Cosmetic with which to contour the cheek? (4,5) 16 Rise of club myth maybe with conductor (3,6)

TELEVISION & RADIO SATURDAY

Television and Radio schedule for Saturday, listing programs for BBC1, BBC2, S4C WALES, CHANNEL 4, GRANADA, HTV, SCOTTISH, TSW, TVS, ULSTER, YORKSHIRE, RADIO (5) Stereo on FM, RADIO 2, RADIO 3, RADIO 4.

SUNDAY

Television and Radio schedule for Sunday, listing programs for BBC1, BBC2, S4C WALES, ANGLIA, CHANNEL 4, GRANADA, HTV, SCOTTISH, TSW, ULSTER, YORKSHIRE, RADIO (5) Stereo on FM, RADIO 2, RADIO 3, RADIO 4.